

Beirut Captors Set Demand, Deadline



shop of Canterbury prayers on for Terry Waite.

4 Would Die Unless Israel Releases 400

Beirut — An underground Moslem group has threatened to kill four kidnapped university professors, three of them Americans, unless Israel frees 400 captives within a week.

The group, Islamic Jihad for the Liberation of Palestine, issued its threat Saturday night.

There was still no news on Sunday night of the British church envoy, Terry Waite, missing since Jan. 20 on a mission to free hostages in Beirut.

The group, which claimed responsibility for kidnapping the professors, said in a statement:

"We set a non-negotiable, one-week deadline for the exchange to take place, after which period keeping the four Americans alive will not be of use to us."

"We will execute them and throw their corpses on the garbage cans of Cyprus," the statement said.

One of the professors is an Indian national with a U.S. residence permit.

Another statement from the group said that if the 400 prisoners

Two Lebanese brothers jailed in West Germany have been visited by relatives. Page 4.

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Teachers carried ballot boxes for the election commission to polls Sunday in Manila.

Voting Begins in Uneasy Manila

Military Units Put on Alert

By Michael Richardson

Manila — With military units on alert, the Philippines began voting Monday on a new constitution that the government of President Corason C. Aquino has called the foundation for political stability and democratic rule.

Both government officials and opposition leaders have said that the vote will be a test of popular support for Mrs. Aquino, whose term would be extended to 1992 by the new constitution.

A Western diplomat said that, with some elements of the military, the non-Communist opposition and the Communist insurgency working to undermine the government, the Aquino administration's attempts at national reconciliation appeared to be breaking down.

Bombs went off Sunday night at a radio station, a Roman Catholic church and a supermarket in Manila and its suburbs, but no injuries were reported. Manila police said Sunday they had arrested two men and seized 120 sticks of dynamite after receiving a tip that there was a plot to disrupt the balloting.

Army units were put at the disposal of the Commission on Elections, and troops in nine provinces of the southern island of Mindanao, where Moslem and Communist rebels are active, were placed on a higher level alert than those in other parts of the country.

Joker Arroyo, the president's executive secretary, acknowledged in a recent television interview that the administration was being buffeted from the right and the left.

"To say that we are in complete control is really a very problematical matter," he said.

On Friday, the National Democratic Front, which had been negotiating since December on behalf of the banned Communist Party of the Philippines, announced it was withdrawing from peace talks with the government.

The front said Communist guerrillas would observe the cease-fire until it expired Sunday, but warned that unless the government made substantial concessions, the fighting in the 18-year insurgency would resume.

The military was still at a high level of alert following a three-day attempt last week by several hundred rebel troops to seize control of key bases and communications.

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Thousands of supporters cheered President Corason C. Aquino during a pro-constitution rally in Manila.

Ministers Call for 'Credible' Action To Stabilize World Monetary System

By Axel Krause

DAVOS, Switzerland — Finance and trade ministers from some leading industrial and developing nations called Sunday for "credible" action to improve the stability of a world monetary system buffeted by the dollar's rapid fall.

The U.S. Treasury secretary, James A. Baker 3d, said Friday that the United States was "giving some consideration" to a meeting of the Group of Five industrial nations, comprising West Germany, Britain, France, the United States and Japan, but there were no present plans for a meeting.

Raymond Barre, a former prime minister of France, said Sunday that "a new, credible commitment to greater monetary stability was needed" because now it is the markets and psychology that are undermining economic policies.

Mr. Barre was acting as spokesman for a ministerial group that met informally Saturday and Sunday during the World Economic Forum symposium of business leaders in Davos. The forum was

attended by 55 ministers and senior officials.

Mr. Barre told reporters that participants in the forum urged adoption of governmental action that would bring "predictability" to the world monetary system, in order to avoid major swings in exchange rates.

"There was a feeling that these conditions were not being met at the present time," Mr. Barre said. He declined to disclose the views expressed by individual delegates.

Sources at the meeting said that the main target of the proposed action was the Reagan administration and the U.S. trade and budget deficits.

In a U.S. television interview Sunday, Mr. Baker denied that the United States was "talking down" the dollar.

Some countries have alleged that the United States has been making carefully timed statements designed to help the dollar's decline, with the goal of cutting the huge U.S. trade deficit.

Mr. Baker said the dollar had declined in a "reasonable and orderly way" and that the relation-

ship between international currencies today "better reflects the economic fundamentals" than it did 18 months ago.

"The one thing we should not do is speculate on what the appropriate level of the dollar should be," he said.

But he said that if the dollar should go too low, it could create conditions leading to a recession and an increase in inflation "if it went too far, too fast."

Mr. Baker, who was represented at Davos by David C. Mulford, assistant secretary of the Treasury for international affairs, is due in Saudi Arabia on Monday for talks on economic ties.

According to some reports, he will visit Europe afterward for talks with top officials on the currency crisis.

But a U.S. investment banker with close ties to the U.S. administration said in Davos that it was highly unlikely that a Group of Five meeting would take place this week because a U.S. Treasury action is to be held.

"If a G-5 meeting failed, it could cost the United States a lot of money," he said.

Both Mr. Mulford and James C. Miller, director of the Office of Management and Budget, had left Davos before Mr. Barre made his comments to reporters.

A member of the U.S. delegation, who declined to be identified, said that he did not feel "any pressure" from other officials to respond to the call for action.

The delegates at Davos also included officials from Japan, the

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Israel Tried Own Sale To Iran, Dealer Asserts

By Thomas L. Friedman

TEL AVIV — The Israeli Defense Ministry approved arrangements to sell \$50 million worth of Israeli-made weapons to Iran almost two months before the first reported American request for Israel's help in approaching Tehran, according to the Israeli businessman who arranged the deal.

Israel has said it became involved in the Iran arms affair at the request of the United States and in order to help free American hostages.

The businessman, Jacob Nimrod, said Saturday that the Israelis pursued their own arms sale to Iran because they saw an opportunity to re-establish contacts with pragmatists in the highest circles of power in Tehran and because their Iranian contact promised to give Israel a Soviet-made T-72 tank captured from the Iraqi Army in the Gulf war.

The T-72 is the most advanced tank in the Soviet arsenal and was used effectively by the Syrian Army in the war in Lebanon in 1982. Israel made several unsuccessful attempts to capture one from the Syrians.

Mr. Nimrod said Israel's exclusive arms deal with Iran was called off at the last minute, while the arms were being loaded, when the Iranians decided they needed American-made TOW anti-tank missiles more than the mortar shells they were buying from Israel. As a result, the Israelis did not get the T-72 tank.

The Israelis told the Iranians that permission from Washington was needed in order to sell TOW missiles, and it was at this stage that the U.S.-Israel-Iran connection was forged, Mr. Nimrod said.

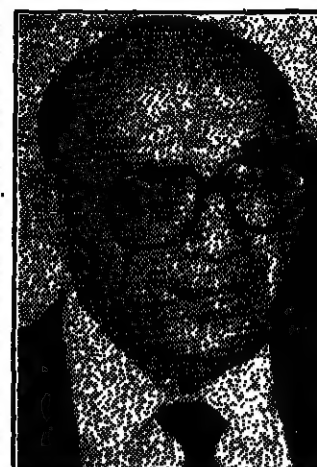
Asked to explain how this account of a private Israeli arms deal conformed with the official Israeli explanations about the country's involvement in the Iran affair, a senior Israeli official said: "Our explanations up to now have always been in reference to Israeli-American cooperation in the transfer of American-made weapons to

Iran. We do not comment on the sale, or potential sale, of Israeli-made weapons."

Interviewed at his home in a Tel Aviv suburb, Mr. Nimrod, one of the principal Israeli figures in the initial stages of the Iran affair, presented a detailed account, from his perspective, of the origin of the affair. He produced bank records or notes from meetings to back up his recollections, but elements of his story, which was one man's recollection of a complex event, could not be independently corroborated.

Some of Mr. Nimrod's remarks seemed self-serving, and others seemed to contradict previous official explanations and raised questions about Israel's candor in en-

See ARMS, Page 4



Jacob Nimrod

Panel Expected to Seek Reagan's Private Notes

By Bob Woodward

WASHINGTON — President Ronald Reagan keeps a private file of handwritten notes for his memoirs that includes some material on the Iran-contra affair, and the Senate select committee investigating the affair is expected to seek access to it, according to administration and congressional sources.

In closed-door testimony before the Senate Select Committee on Intelligence last month, the White House chief of staff, Donald T. Regan, was asked whether the president kept a diary for the purpose of writing his memoirs.

Mr. Regan said the president "of course keeps notes," the sources said. They said he was offended that the committee might think the file would be available for its investigation, and indicated that it was private and personal.

A White House official familiar with Mr. Regan's testimony, while

refusing to confirm or deny the existence of such notes, said last week that "what the president has is a private matter" within the bounds of confidentiality.

"It's private, not part of official records," he said. "It is uniquely his."

Congressional sources said some members of the committee, includ-

ing Senator William S. Cohen, Republican of Maine, would seek to read any of the material that might be relevant to the Iran-contra investigation.

Sources said Mr. Cohen had indicated that the committee might also seek to interview Edmund Morris, a writer who is working on a major Reagan biography. For more than a year, Mr. Morris attended some White House meetings and regularly interviewed the president.

The White House has cooperated with all investigations into the Iran-contra affair. It has not asserted executive privilege and has provided many records and documents to the congressional and executive-branch investigators.

In the 1974 landmark ruling on Richard M. Nixon's Watergate tapes, the Supreme Court held that the president had to turn over relevant evidence in a criminal investigation when issued a subpoena.

Under that ruling, Lawrence E. Walsh, the independent counsel conducting the criminal probe of the Iran-contra affair, could argue that he is entitled to any White House or presidential material relevant to his inquiry.

It could not be learned Saturday whether Mr. Walsh or his staff was aware that Mr. Reagan kept a private record for his memoirs, or what action Mr. Walsh might take.

The subject is a matter of some sensitivity in the White House, where officials were hesitant to confirm the existence of any private file.

Nonetheless, several sources said some of the material bore on Mr. Reagan's decisions about the Iran

See REAGAN, Page 4



Ross Perot has bought 16 percent of Next Inc., a company started by Steven P. Jobs, the Apple Computer co-founder.

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CIA Is Said to Aid Rebels In Angola via Zaire Base

By James Brooke

KAMINA, Zaire — The U.S. Central Intelligence Agency has used an abandoned air base here to secretly shift arms to Angolan guerrillas led by Jonas Savimbi, diplomatic and business sources say.

Landing largely at night, C-130 and Boeing 707 cargo jets painted "Santa Lucia Airways" landed here with arms deliveries on three occasions last year, the sources said.

"The operation was directed by a Black American, everyone called him 'Colonel,'" a diplomat said. "He was in charge of about 20 men. Very few Zairis were involved."

President Mobutu Sese Seko of Zaire has repeatedly denied accusations by other African leaders that American aid to the Angolan rebels passes through Zaire. Largely supplied by South Africa, the guerrillas of the Union for the Total Independence of Angola, or Unita, are fighting to overthrow Angola's Marxist government.

American aid to Unita, budgeted

at \$15 million last year, started flowing in late 1985. U.S. officials have refused to disclose the supply route. Transfer through South Africa would violate an American arms embargo to South Africa.

Diplomats at the American Embassy in Kinshasa and at the American consulate in Lubumbashi, 250 miles (400 kilometers) southeast of here, declined to discuss the military aid to Unita.

In Washington, a spokesman for the CIA, Sharon Foster, said that the agency would not confirm or deny any allegation of covert activities, but that "any covert activity we might be conducting would be in support of U.S. policy and under appropriate authority."

The issue is sensitive in Zaire. Two years ago, Zaire and Angola signed a mutual nonaggression pact. Residents interviewed here refused to talk about air traffic at the base, 14 miles from town.

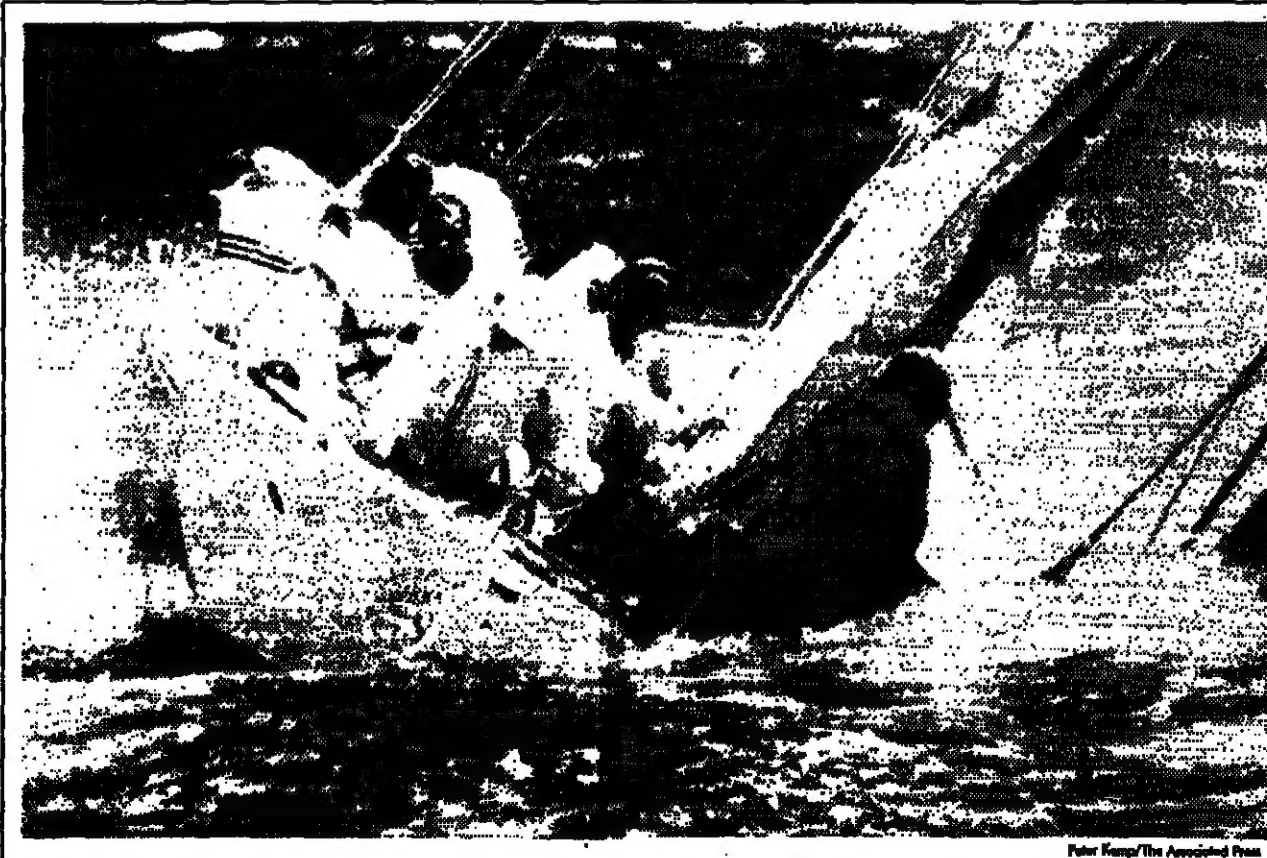
But, according to Western diplomats, aid workers and businessmen in Kinshasa and Lubumbashi, most of the aid has been funneled through here.

Kamina air base was built in the 1950s by Belgium, which administered Zaire at the time as the Belgian Congo. The base, once the largest between the Sahara and South Africa, has since fallen into ruin. However, the two runways, about 7,000 feet (2,140 meters) long each, are still in good repair, according to civilian pilots.

According to the sources, Santa Lucia Airways made arms deliveries on three occasions: between March 20 and April 20, for two weeks between May 15 and 30, and one night in mid-October.

Most of the landings were at night, but in May "it was day and

See ANGOLA, Page 5



It's Been Easy Sailing So Far for Stars & Stripes

Stars & Stripes, plowing through high winds and heavy seas Sunday off Fremantle, Australia, defeated Kookaburra III by 70 seconds in the second race of the America's Cup final. On

Saturday, in light winds that were supposed to give its opponent a decided advantage, the U.S. yacht won the opening race of the best-of-seven series by 1 minute, 41 seconds.

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2 Dissidents in Soviet Will Be Freed, Forced to Leave, Sakharov Says

By Bill Keller

New York Times Service

MOSCOW — The Soviet authorities have said that two prominent human rights campaigners, Anatoli Koryagin and Sergei D. Khodorovich, will be released from prison and forced to emigrate, according to Andrei D. Sakharov.

Mr. Sakharov, the dissident physicist, said Friday that the KGB, the Soviet internal security agency, had called in the wives of the two men and told them their husbands would be freed if the families agreed to apply for exit visas.

Both men were among 14 "prisoners of conscience" whom Mr. Sakharov had urged Mikhail S. Gorbachev, the Soviet leader, to free when Mr. Sakharov was allowed to return to Moscow from internal exile in December.

Mr. Khodorovich's wife, Tatyana, confirmed the report Friday and said that both she and her husband had reluctantly agreed to leave the country.

Western diplomats said the news appeared to be part of a broader acceleration in Soviet handling of dissident cases, including the unexpected release in recent days of at least four lesser-known dissidents and promises of drastic changes in the criminal laws governing political activities.

They cautioned, however, that in the past Soviet officials have sometimes told relatives that prisoners were to be released and failed to follow through. The wife of one leading dissident, Anatoli T. Marchenko, was invited to apply for emigration papers in December shortly before officials disclosed that her husband had died in prison.

Mr. Khodorovich, 45, was director of a fund to aid political prisoners. It collected money from foreign and Soviet donors to help dissident families with travel expenses, child support and other needs.

In 1983, he was charged with "slandering the Soviet state" and was sentenced to a labor camp in the northern Siberian town of Norilsk. Mr. Sakharov said that Mr. Khodorovich's health had deteriorated from frequent beatings and long terms in an isolation cell.

Dr. Koryagin, 48, a psychiatrist, was arrested in 1981 for smuggling to the West reports on use of Soviet mental hospitals to punish political and religious dissidents. He was sentenced to seven years of labor and five years of internal exile for disseminating "anti-Soviet propaganda."

Another prisoner on Mr. Sakharov's list of "prisoners of conscience," a former navigator, Serafim Yevsyukov, was recently released from a psychiatric hospital where he had been confined for protesting the refusal of Soviet authorities to let his family emigrate.

In Vienna, the Soviet justice minister, Boris V. Kravtsov, said Friday in a press conference that the KGB planned "radical measures" to alter two criminal statutes that have frequently been used against dissidents.

According to a Reuters report from Vienna, Mr. Kravtsov said the statutes, dealing with "anti-Soviet propaganda" and "slandering the Soviet state," were being reviewed in accordance with a decision by the plenary meeting of the Soviet Communist Party Central Committee.

"Radical measures will be taken in this particular area," he said. He was apparently referring to a party resolution issued Wednesday that called for new laws aimed at "safeguarding the rights and freedoms of citizens."

He forced the government to admit, for the first time in a political case, that its policemen had behaved brutally. Although officials insisted that it was an isolated episode, Mr. Chun recognized that he was in trouble and had to act.

The two policemen involved were charged with murder, a move that contrasted with the response last year when an officer was accused by dissidents of raping and otherwise "sexually harassing" a young woman arrested for anti-government activities. That policeman was dismissed but never charged.

As protests over the Park incident mounted, Mr. Chun went further. He expressed personal regret, dismissed the home minister and the national police chief and ordered the creation of a special commission to protect the rights of South Koreans.

His new home minister, Chung Ho Yong, announced that police would be prohibited from taking people into custody without obtaining warrants, an acknowledgment that officers had ignored legal procedures in the past.

Government officials took hopefully about how those moves have defused the crisis. "We have to make use of this opportunity to expand human rights," said Lee Jong Ryool, a presidential spokesman. But he added, "It's now becoming less and less of a lively political issue."

Others are not so sure, and considerable skepticism about government sincerity remains.

One consequence of Mr. Park's killing is that the country's fettered press has found new boldness.

Although there have always been editors who tried to test the limits of government tolerance, a few have stretched the boundaries further than ever lately, printing details not only of this incident but of other suspicious cases as well.

The newspaper Joong-ang Ilbo reported at length this week about two students and a labor organizer who died over the last 15 months under what opposition politicians have called mysterious circumstances.

All three had been missing for a while, the newspaper reported. Later, their bodies were discovered bearing signs of physical abuse. In all three instances, the police said that the victims had committed suicide.

The opposition and human-rights groups say the government is holding more than 1,500 political prisoners, a figure that has risen dramatically since the beginning of a new drive against radicals last fall.

Mr. Park's camp insists on an indirect cabinet system headed by a prime minister, while the opposition demands direct presidential elections.

At issue are military maneuvers along a 250-mile (404-kilometer) section of the Pakistan border with northwest India. Recent buildups are reported to involve about 150,000 men on the Indian side and at least half that number on the Pakistani side.

In some cases, the troops are said to be within sight of each other, raising fears that an accidental shot could lead to fighting despite pledges by each side not to start a conflict.

India and Pakistan have fought three wars since their independence in 1947 and continue to trade angry charges on a variety of issues.

Taking part in the talks Saturday were delegations led by Abbot Sarfar, the Pakistani foreign secretary, and Alfred S. Gonsalves, officiating foreign secretary for India. The discussions are scheduled to continue through Monday.

Indian and Pakistani officials say that neither country can afford a war, and that none of the disputes is sufficient cause for war.

Independent military analysts say India's forces are superior to Pakistan's in numbers and weaponry, and most analysts say that India would probably win a war. Many Pakistani analysts agree, and cite this as a reason Islamabad would not want to provoke a conflict.

His remarks, aimed at leaders of the North Atlantic Treaty Organization, provoked angry rebukes from representatives attending a defense conference here.

Michael Alexander, Britain's representative to NATO, said, "There is no point in being gratuitously offensive with each other."

Mr. Pede, in a speech before more than 150 officials attending the meeting, said NATO leaders usually resorted to "misinformation" when it came to speaking out on the issues.

Mr. Pede later married Yves Montand. She died last year.

Among Mr. Allégret's most noted films were "Désolé d'auvergne," "Une si jolie petite plage" with Gérard Philipe, "La Melleur Parité," and "Les Orgueilleux."

Edmund Pendleton, 86, Organist and Composer

PARIS (IHT) — Edmund Pendleton, 86, an American organist, composer and conductor who had lived in Paris since 1925, died Friday at his home here after a long illness.

A student of Marcel Dupré, Charles Munch and Paul Dukas, Mr. Pendleton was for 41 years



VIOLENCE IN PAKISTAN — A policeman pursues rioters in the Orangi district of Karachi, Pakistan, where police said Sunday at least eight persons had died and

more than 100 were injured in rioting. The violence began Friday when members of the Bihari ethnic group demanded the release of Afaz Shahid, a Bihari leader.

Student's Slaying Puts Chun on Defensive

By Clyde Haberman

New York Times Service

SEOUL — In life, 21 years of it, Park Jong Chul barely had time to make his mark. Death made him a political force.

Mr. Park, a student at Seoul National University, died two weeks ago while being questioned by policemen about the whereabouts of a campus radical leader.

He died of shock, authorities initially said. Then, as questions arose in the press and as an attending physician reported contradictory findings, authorities acknowledged that the young man had been tortured.

The policemen had shoved his head several times into a tub of water. In one of those dunkings, the government said, Mr. Park's throat was crushed against the rim of the tub. He was suffocated.

Torture cases in South Korea are not new. For decades, international human-rights organizations have accused successive regimes, including the government of President Chun Doo Hwan, of abuses.

However, to have the suspicion confirmed through a well-publicized death is rare, and the killing of Mr. Park has rearranged the South Korean political landscape, galvanizing the splintered opposition and putting Mr. Chun on the defensive.

Another prisoner on Mr. Sakharov's list of "prisoners of conscience," a former navigator, Serafim Yevsyukov, was recently released from a psychiatric hospital where he had been confined for protesting the refusal of Soviet authorities to let his family emigrate.

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Pakistanis Hold Talks In New Delhi

New York Times Service

NEW DELHI — India and Pakistan continued high-level talks Sunday aimed at easing mutual tensions, but neither side appeared willing to halt large troop movements along the border that have spread alarm in both countries in the last two weeks.

An Indian spokesman said Saturday evening that the first talks, lasting four and a half hours, were "held in a frank, businesslike and cordial atmosphere, and promoted a better mutual understanding."

But he declined to comment on the substance of the discussions.

At issue are military maneuvers along a 250-mile (404-kilometer) section of the Pakistan border with northwest India. Recent buildups are reported to involve about 150,000 men on the Indian side and at least half that number on the Pakistani side.

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WORLD BRIEFS

Blast Kills 4 Near Embassy in Kabul

ISLAMABAD, Pakistan (AP) — A car bomb exploded Sunday near the Indian Embassy in Kabul, Afghanistan, killing four people and wounding others, Radio Kabul said.

The broadcast did not say how many had been injured, but the United News of India news agency, in an unattributed report, said that 15 members of the Indian diplomatic staff and two Indian Afghan employees were injured.

The Afghan leader, Major General Najibullah, visited the embassy and blamed the bombing on Moslem guerrillas. There was no immediate claim of responsibility, and Moslem guerrilla leaders based in Pakistan said they had no information on the bombing.

Some Spanish Students Halt Boycott

MADRID (Reuters) — A Spanish student organization has called off a boycott by high school pupils but said there would be more demonstrations this week against government education policy.

Leaders of Student Coordinating, one of two groups at the forefront of two months of unrest that has shaken the Socialist government, said Saturday they had decided to end the boycott because other methods would be more effective, though individual schools could continue stoppages if they wished.

The group said financial measures offered by Education Minister José María Maravall in talks Wednesday were inadequate, and that they would continue to press their demand for unrestricted access to universities, which Mr. Maravall rejects.

Leaflets Attack Romanian Leader

BUCHAREST (Reuters) — Communist leaflets were distributed in the Romanian capital recently urging the removal of President Nicolae Ceausescu and calling for strikes, diplomatic sources said.

Diplomats from Western countries and some of Romania's Soviet bloc allies said Saturday they had seen copies of two different leaflets circulated before Mr. Ceausescu's 68th birthday Jan. 26.

The leaflets urged people to strike Jan. 23, but there were no reports that they had any effect. Mr. Ceausescu has ruled Romania for 21 years and is one of the world's last Stalinist-style leaders.

Barbie May Need Prostate Surgery

LYON (UPI) — Klaus Barbie, the former Gestapo chief who was deported to France from Bolivia in 1983, may have to undergo surgery to correct urinary-tract problems that caused him to be hospitalized last week, his lawyer said Sunday.

Jacques Vergès said after meeting with Mr. Barbie that if the condition requires surgery it should not delay the opening of Mr. Barbie's trial for crimes committed while he was the Lyon Gestapo chief from 1942 to 1944.

The trial of Mr. Barbie, 73, is tentatively scheduled for May or June.

Rhine Ship Collision Spills Fertilizer

DORMAGEN, West Germany (AP) — Forty-two tons of fertilizer spilled into the Rhine River on Sunday when a Swiss tanker hit an anchored freighter near here, authorities said. A freighter crewman was missing and presumed drowned.

The Düsseldorf city government, which is responsible for the port of Dormagen, a few miles upstream from where the accident occurred, said it had sounded the "international Rhine alarm" used in the case of chemical accidents along the river.

The alarm was lifted at 4:30 P.M., but there was no estimate on the possible environmental damage to the river. In November, several industrial accidents, including a fire at a warehouse in Basel, caused chemical spills into the Rhine.

Acid Attack at Gaza School Injures 12

GAZA CITY, Israeli-Occupied Gaza Strip (AP) — Twelve Palestinian girls were injured Sunday when masked men entered Shamsi High School in Gaza City and sprayed them with acid, military sources said.

In another violence, police said nine persons were wounded, one seriously, in a bomb explosion on an Israeli bus on the coastal highway between Haifa and Tel Aviv. Several reports said factions of the Palestine Liberation Organization claimed responsibility.

In addition, Israeli military sources said an Israeli man shot and wounded a 20-year-old Palestinian in the town of Rafah in the Gaza Strip after youths attacked his vehicle with stones.

Sri Lanka Denies Accusation on Deaths

COLOMBO (Reuters) — The Sri Lankan government denied Sunday accusations that security forces killed more than 200 civilians in an anti-guerrilla operation last week.

A spokesman for a group called the Citizens' Committee said it appears now that more than 200 people have been killed in the attacks Wednesday in the eastern district of Batticaloa.

The government said that only four civilians, as well as 23 Tamil guerrillas and 13 security men, were killed when commandos raided hideouts at Kokkadicholai, about six miles (10 kilometers) southwest of Batticaloa. A spokesman called the accusations part of a "disinformation campaign."

For the Record

Brazil's 539-member constituent assembly, charged with drawing up a constitution to replace that written during the 21-year military dictatorship that ended in March 1985, met for the first time Sunday in Brasília.

The Long Island Rail Road, the largest U.S. commuter line, was back in operation Saturday for the first time since a strike began Jan. 18. The line went back into service because of a 60-day cooling off period ordered by Congress.

More than 100 people were arrested in a weekend raid on a West Berlin bar where a group of West Germans had gathered, allegedly to form an illegal Nazi-style political party, officials said Sunday. Several policemen and a government lawyer were injured in the raid.

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Round 2 of the Iran Inquiries

Senate, House to Focus on Policy, Possible Criminal Acts

By David E. Rosenbaum
New York Times Service

WASHINGTON — Now that the Senate intelligence committee's report on the Iran-contra affair is complete, the senators and representatives who will continue investigating the matter in the months ahead say they still face three broad unanswered questions.

These are the issues: Was the Reagan administration's Iran policy justifiable? How was that policy made? Were crimes committed as the policy was carried out?

The report made public by the intelligence committee last week, the most authoritative account of the affair to date, dealt with these matters to some extent.

But the chairman and vice chairman of the committee — Senator David L. Boren, Democrat of Oklahoma, and Senator William S. Cohen, Republican of Maine — emphasized that their investigation was "preliminary," and Mr. Boren said it did not answer the answer the question of principal interest to him.

Mr. Boren also sits on the special Senate committee that will investigate the matter, and he said that

committee would try to discover whether laws had been broken.

"Who violated the law?" he said. "Were the violations serious enough to warrant removal from office? Did President Reagan violate the law in a manner that would be an impeachable offense?"

The intelligence committee report published last week was based on three weeks of hearings last month. Testimony was not received from important figures like Lieutenant Colonel Oliver L. North and Vice Admiral John M. Poindexter, who cited their constitutional right against self-incrimination and refused to be interrogated.

At the end of its report, the committee listed 14 major "unresolved issues," ranging from the activities in the White House to intricate financial transactions.

Now that the intelligence panel has laid the foundation, the congressional investigation enters a new phase. The two special committees established this year in the Senate and the House of Representatives will each carry out separate inquiries. These investigations are expected to last at least until the

summer and possibly until the end of the year.

The special committees, which are still being organized, will comprise 11 senators under the chairmanship of Daniel K. Inouye, Democrat of Hawaii, and 15 representatives led by Lee H. Hamilton, Democrat of Indiana.

Both panels have hired experienced criminal lawyers to be their chief counsel, and the House investigators have begun to draft subpoenas and take depositions. But committee staff members must go through a long process of obtaining top security clearances before much of the work can be done. The committees are still operating out of temporary offices.

Mr. Inouye and Mr. Hamilton said public televised questioning of witnesses would not start before March, and some members of the committees say they believe it will be spring before the hearings are in full swing. Like prosecutors, congressional investigators interrogate witnesses at length in private before asking them to give public testimony.

Interviews with most of the lawmakers on the special committees showed that they have somewhat different ideas about where the emphasis of their investigations should be placed.

Mr. Boren said the legal questions "must be a focus." The laws that might have been broken, he said, range from general criminal statutes governing such things as perjury and misappropriation of government funds to specific legal restrictions on covert actions, arms sales and aid to the contra, as the Nicaraguan rebels are called.

Other lawmakers said they thought it was more important to examine the process and the policy than to conduct a criminal investigation.

A special prosecutor, Lawrence E. Walsh, has been appointed to conduct a separate investigation. Mr. Hamilton, the chairman of the House panel, did not discount the importance of investigating criminal activity. But he said the most important task of his committee would be to look at "the policy itself."

He said, "We were pursuing one policy in public and one in private, and the two policies were contradictory."

Most of the legislators who were interviewed said they were deeply interested in finding out the extent of President Ronald Reagan's involvement in carrying out the policies under investigation.

The Senate intelligence committee found no direct evidence in its preliminary inquiry that the president knew of the diversion to the contra of profits from arms sales to Iran. But the committee did uncover some evidence that Mr. Reagan was concerned primarily with trading arms for hostages rather than seeking a political opening with Iran, as the president has contended.

Mr. Hamilton said he found the idea that the president was ignorant of important policy matters to be "a curious thing."

It stretched his imagination, he said, to accept the idea that Admiral Poindexter, who resigned as national security adviser in November, did not inform the president of the aid to the contra.

The consensus of the congressional investigators is that the testimony of Admiral Poindexter and Colonel North, who directed the White House activities in both Iran and Nicaragua and who was dismissed in November, will be required to resolve the issue of the president's role.

Senator Orrin G. Hatch, Republican of Utah, is one of several members of the special committee who want to compel the testimony of Admiral Poindexter and Colonel North by granting them limited immunity from prosecution at the outset of the investigation.

"Their testimony is more important to the country than their prosecution," Mr. Hatch said.

Mr. Walsh, the special prosecutor, has asked the committee to withhold grants of immunity for now to give him time to pursue his investigation fully, and a clear majority of the members of both committees agree with that course.

But Senator Paul S. Trible Jr., Republican of Virginia, who is a former federal prosecutor, and others said that if immunity was the only way to obtain their testimony, it would be offered before the congressional investigation was completed.

Mexico City Invokes A Smog Emergency
MEXICO CITY — Mexico City has adopted emergency anti-smog measures for the first time to combat severe air pollution, as residents complained of headaches, burning eyes and irritated lungs.

After three days of smog, more than 270 factories were asked Friday to cut production and motorists were urged to leave cars at home. The government listed several areas of the city as having "very poor" air quality.

Shultz Fears Sales Prompt Kidnappings

United Press International

WASHINGTON — The U.S. arms sales to Iran may have escalated hostage-taking in Beirut, according to Secretary of State George P. Shultz.

Mr. Shultz, in a magazine interview, said: "The structure of the arms deliveries and the connection with the hostages may have gotten pretty tightly connected, in which case the perception of the Iranians — what ever the perception in this country was — would be that hostages are a thing of value."

"Once you get that established in somebody's mind, then you have problems," he said.

The interview was published Saturday in U.S. News & World Report.

The increased attention focused on the hostages complicates negotiations for their freedom, Mr. Shultz said.

"The more you make out of hostages, the more value is placed on them by the hostage takers," he said. "If we say things and do things that suggest that there's nothing in this world we wouldn't do to get these hostages out, that's a bad line to take."

U.S. officials have said that about two dozen persons from at least nine nations are being held hostage in Lebanon. Many of those have been kidnapped since the affair over the Iran arms sales surfaced in November, including 12 persons in the past three weeks.

Mr. Shultz said that if the United States could get a clear target, it should take military action against terrorists in the region.

The Reagan administration, he said, must "reaffirm that aspect of our policy that says, 'Terrorists must pay for their acts.' If we can figure out how to raise the cost to the terrorists, we will."

'Supercollider': The \$6 Billion Big Bang

By Cass Peterson
Washington Post Service

WASHINGTON — Proponents of the \$6 billion nuclear particle accelerator approved by President Ronald Reagan have called the project a "momentous leap forward" in the exploration of matter and energy.

In high-energy physics, the development of the "superconducting supercollider," as the device is called, "is the equivalent of putting a man on the moon," said Energy Secretary John S. Herrington in announcing Friday that the administration will ask Congress to provide money for the project. "It will have spinoffs, discoveries and innovations that will profoundly touch every human being."

The supercollider would be the most costly piece of research equipment ever built for any purpose.

The fate of the supercollider has been hanging in the balance at the White House for months, caught in a debate between scientists and budget officials over whether the nation can afford such a costly research tool at a time of high federal deficits.

While Energy Department officials said they could take from other programs the \$60 million envisioned for design work in fiscal 1988, the project will require hundreds of millions in construction funds later.

Foreign governments, and perhaps the state in which the project is eventually located, will be asked to share in the costs and will share in the scientific and economic benefits, the secretary said.

Officials said Mr. Reagan made the decision at a meeting of the Domestic Policy Council on Thursday, yielding to arguments that the United States faced losing its leadership position in high-energy physics if the project was not built.

The United States has the world's most powerful accelerators in operation at the Fermi National Accelerator Laboratory, in Illinois. A European consortium, the European Laboratory for Particle Physics, in Geneva, is planning a larger machine, however, and Japan is expected to start operating a major accelerator this year.

The Soviet Union has two large accelerators under development, including a device, to be in operation by 1995, more than three times the size of the largest Fermi accelerator.



Energy Secretary John S. Herrington in Washington announcing plans for a nuclear particle accelerator.

The U.S. supercollider, which would dwarf all those accelerators, is targeted for completion in 1996 if funding is approved by Congress.

"This is a watershed for America's scientific and technological leadership and another clear sign that President Ronald Reagan is committed to keeping this nation on the cutting edge of world leadership and competitiveness," Mr. Herrington said.

There are no immediate commercial goals for the supercollider, and Mr. Herrington said Friday

that it has "no military application."

Scientists contend that similar research has yielded significant benefits in nuclear medicine, computer development and other high-technology fields.

The supercollider would be in an underground tunnel the shape of a race track, 10 feet (about 3 meters) in diameter and 52 miles (84 kilometers) in circumference.

Inside the tunnel, powerful superconducting magnets cooled by liquid helium to increase their efficiency would propel beams of protons along separate tracks in opposite directions.

When the protons reached nearly the speed of light, electromagnetic chutes would open and direct the two beams into each other head-on.

In that instant of collision, scientists say, the supercollider could approximate in a tiny space the energy level that marked the moment after the "big bang," the theory that holds that the expansion of the universe began with a gigantic explosion.

The energy would be sufficient, it is hoped, to create particles that can now only be theorized, enabling physicists to delve more deeply into the fundamental nature of matter and energy. Scientists now know, for example, that the protons and neutrons that make up the nucleus of the atom are made of

even more basic constituents called quarks.

Physicists believe that the supercollider will enable them to identify even more elementary particles in their efforts to understand and explain the origins of matter.

Project Is Assailed

Opponents of the project contend that it is too costly and unlikely to produce commensurate results. The New York Times reported.

Critics have contended that the project would sap federal funds from less glamorous, but equally important, areas of scientific research. They also say there are no guarantees that the giant facility would yield more discoveries than current or planned facilities.

The supercollider "may be close to the end of the line of large science projects," said John E. Pike, associate director of the Federation of American Scientists, a private group in Washington.

These devices are becoming so expensive, and what they're trying to find is so obscure, that we may be at the point where scientists can no longer justify the cost," he said.

Arno Penzias, a Nobel laureate in physics at AT&T Bell Laboratories, has criticized the supercollider as a threat to the rest of physics research in the United States, much of it based in small laboratories at universities.

White House Political Adviser Resigns

By Lou Cannon
Washington Post Service

WASHINGTON — Mitchell E. Daniels Jr., who tried in December to persuade Donald T. Regan, the White House chief of staff, to resign over his handling of the Iran arms affair, has announced that he is resigning as President Ronald Reagan's chief political adviser.

Mr. Daniels said Saturday that he was leaving to pursue economic opportunities, and he did not mention Mr. Regan in his letter of resignation. His departure is considered likely to aggravate tension between Republican lawmakers and the White House chief of staff.

"We're being run over by the Democrats, and Mitch was one of the few people at the White House who understood our political predicament," said a Republican congressman who declined to be identified. "There is a void at the center of the White House, and it's likely to become deeper."

Early in December, Mr. Daniels told Mr. Regan that Republicans were saying his ability to deal with other issues had been seriously impaired because he had been involved in decisions leading to clandestine U.S. arms sales to Iran. Mr. Daniels urged the chief of staff to resign to give the president an opportunity to make "a fresh start."

Mr. Daniels said he would become chief executive officer of the Hudson Institute, a research organization based in Indianapolis, his home town. The organization is heavily involved in international public policy analysis.

Mr. Daniels, who said he would leave the White House about March 1, is also associating with an Indianapolis law firm, Baker & Daniels.

He had been White House political director since September 1985. White House officials said it was not certain if a successor would be named or whether the post would be left vacant.

Mr. Daniels' departure comes at a time of heavy turnover in the White House. Larry Speakes served his last day as White House spokesman Friday, the resignation of Patrick J. Buchanan, the White House communications director, is considered imminent, and James C. Miller 3d, director of the Office of Management and Budget, plans to leave in the spring.

AMERICAN TOPICS

Reagan Revolution Falls Short in Courts

Since taking office, President Ronald Reagan has appointed 299 men and women as U.S. judges, or about 40 percent of the total federal bench. By and large, to the dismay and surprise of many conservatives, they have taken the path of judicial restraint rather than activism.

U.S. News & World Report magazine says: "Many Reaganites who predicted the president's court appointments would be his most enduring legacy mistakenly believed that a judge's adherence to a strict-constructionist doctrine necessarily meant acceptance of right-wing positions on explosive issues such as school prayer, abortion and pornography. Liberal critics, meanwhile, warned that Reagan's judges would trample individual liberties, gut civil-rights enforcement and legalize censorship. But in practice, most Reagan judges have eschewed politics and instead adhered to the judicially conservative tradition of following legal precedent."

The magazine quoted a University of Virginia law professor, A.E. Dick Howard, as saying: "By temperament and political orientation, Reagan's judges tend to stay in the track that's been laid out already."

"The result," said the magazine, "as some conservatives see it, has been the undermining of true Reaganism" in decisions on such issues as the protection of the civil rights of people with acquired immune deficiency syndrome and the banning of religious displays on public property.

Short Takes
Hollywood frequently makes scientific boners that disregard simple laws of physics, says Jack Weyland, a professor at the South Dakota School of Mines. When Lois Lane is thrown off a tall building, Superman scoops her up as she is inches from the ground. But at her rate of fall she would actually hit his arms of steel with a sickening splat. In "Star Wars," the evil Darth Vader's spaceships explode with a satisfying roar, but since space has no atmosphere to carry sound waves, there would be no sound at any distance. In "The Martian Chronicles," inhabitants of Mars chat with those of Earth as if they were talking on the telephone. But since radio waves travel at only 186,000 miles (about 300,000 kilometers) a second, conversation across tens of millions of miles would be much slower.

R.J. McCabe of Cleveland was ordered to give a black family a year's free lodging after he was accused of refusing to rent them an apartment. Avery Friedman, the attorney for the plaintiff, Clarence D. Bolden, said that Mr. McCabe also was ordered to apologize to Mr. Bolden in U.S. District Court, to pay him an undisclosed sum and to attend at least three study sessions on fair-housing law. Mr. McCabe referred questions to his attorney, who could not be reached.

Notes About People
Maureen Reagan, elected co-chairman of the Republican

National Committee on Jan. 23, says she did not ask her father for the job but has earned it through "27 years of breaking my back" for the party. "I was asked to do it by the president," she told The Washington Post. "I did not walk into the Oval Office and say, 'Daddy, I want this job.'"

Her selection for the \$70,000-a-year post has been widely criticized. But Miss Reagan, 45, said people "forget that I was a Republican before the president was. I liked my first envelopes in 1960, and I've never stopped working."



Edmund G. Brown Jr. in Kamakura, Japan. He is studying Zen Buddhism and is at work on a book.

Edmund G. Brown Jr., governor of California from 1975 to 1983, is living in Kamakura, Japan, a city of Buddhist temples, near Tokyo. The Los Angeles Times says Mr. Brown, 48, is attending Zen Buddhist study sessions and is writing a book "to ultimately set out my vision of the future." Mr. Brown, a Roman Catholic and former Je-

suit seminarian, was an unsuccessful candidate for the Democratic presidential nomination in 1980 and the U.S. Senate in 1982. Asked if his vision of the future included bids for either office in 1988, he said, "I haven't given up my interest. I want to take it on the lecture circuit."

David Brinkley, 66, the television newsman who now runs the Sunday-morning news-talk show "This Week" on ABC-TV, told The Washington Post about a dinner-party tactic: "Somebody will sit next to me or near me and take it for granted I know who he is because he's the assistant secretary of labor. I do not know who he is. So a little trick I use is to say to him, 'What are you doing?' He'll say, 'Why, I'm the assistant secretary of labor!' And I will then lie to him and say, 'Oh yes, I know that; what are you working on at the moment?' It works."

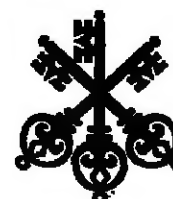
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Iraq Reports 'Retaliatory' Raids on 6 Iran Towns

By Jackson Diehl

MANAMA, Bahrain — Iraq said Sunday that its jets hit six Iranian towns and cities in retaliation for Iranian attacks on civilian centers, including a missile strike on Baghdad.

Both sides gave conflicting versions of ground fighting east of Basra, Iraq's second largest city, which has been the focus of a three-week Iranian offensive on the southern war front.

Baghdad also reported an air strike on a vessel in the northern Gulf. Lloyd's Shipping Intelligence in London said it believed an Iranian tanker, the 137,895-ton Khark-3, was hit by a missile.

It was the 11th merchant ship hit by Iran or Iraq this year in the so-called tanker war, which claimed about 100 vessels in 1986.

A Baghdad military spokesman said Iraqi planes launched "destructive" raids on the northwest towns of Miandawh, Minah, Maragheh and Salmas in response to Iranian air, artillery and missile attacks on its cities.

Iraq reported air raids Saturday night on the Iranian cities of Isfahan and Tabriz after the seventh missile in 20 days hit Baghdad.

Iraq said the missile was aimed at a "strategic military center" in the city and that the attack marked the start of a "new stage in deterrent and retaliatory measures."

On the southern front of the war, Baghdad said its forces had pushed back Iranian troops at Fish Lake and at the Jasim River.

An Iranian military communiqué reported victories in three "limited operations" east of Basra.

Most fighting in the past three weeks appears to have been in an area north of the Shatt-al-Arab waterway, downstream from Basra, bordered by the Jasim River on the east and the Dual Canal and Fish Lake on the west and north.



Iranians step on painted flags of the Soviet Union, the United States and Israel at the entrance of a hotel in Ahwaz, Iran, where Iraqi prisoners were on display.

ARMS: Israeli Attempt Reported

(Continued from Page 1)

planning its involvement in the affair.

According to Mr. Nimrodi, at the end of 1984 Adnan M. Khashoggi, a Saudi arms dealer, introduced Mr. Ghorbanifar, an Iranian arms merchant, to King Fahd of Saudi Arabia. He described Mr. Ghorbanifar as a man who could bring Iran back to the West. Mr. Ghorbanifar appealed for Saudi help in obtaining weapons and, according to Mr. Nimrodi, Fahd told Mr. Khashoggi to try to assist the Iranian.

In early 1985, Mr. Nimrodi said, Mr. Khashoggi called him and Al Schwimmer, the founding president of Israel Aircraft Industries and a close friend of Shimon Peres, who was then prime minister, and also of Mr. Khashoggi.

Mr. Nimrodi said Mr. Khashoggi asked him to meet with Mr. Ghorbanifar and hear him out. The two of them met for the first time in February 1985 at the Geneva Hilton, he said.

"Ghorbanifar said to me, 'Look, I want to buy Israeli arms,'" Mr. Nimrodi recalled. "He said: 'We can do a lot together. I am a close friend of the Iranian prime minister. There are pragmatists in the leadership who want to bring Iran back to the West. I am ready to bring Israel together with them.'"

Mr. Nimrodi said he returned to Israel, briefed Mr. Schwimmer on

the discussion, and they went to talk to Mr. Peres.

"I felt there was a real opportunity here to make an opening again with Iran," Mr. Nimrodi said. "We asked Peres if we could sell Israeli arms. He said: 'No. Offer to sell them food.'"

Mr. Nimrodi said that for the next month he continued his discussions with Mr. Ghorbanifar and continued trying to convince Mr. Peres to change his mind.

In an effort to overcome Mr. Peres's objections, Mr. Ghorbanifar added an inducement. Mr. Nimrodi said the Iranian offered to give Israel one of three Soviet-made T-72 tanks Iran had captured from Iraq.

"This got people's attention," Mr. Nimrodi said. "But first everyone wanted to make sure that Ghorbanifar was for real. He was brought to Israel in early March and checked out by all the intelligence experts. They listened to him speaking on the phone with high officials in Tehran. Some of them said that he is obviously well connected, but he is also a liar. Sure he is a liar, but what do you expect to find in this business? Sons of rabbits."

The Israelis also did not believe that Mr. Ghorbanifar had the \$50 million to pay for the arms he wanted to buy. So, Mr. Nimrodi said, he went with Mr. Ghorbanifar to Geneva, to his bank, Credit Suisse, and confirmed that he had access to \$100 million in the account of the government-owned Iranian oil company, he said.

"Ghorbanifar and three associates were the signatories on the account," Mr. Nimrodi said. "When I came back and reported that the money was there, people's eyes lit up here. They have been laying people off in the defense industry, and this meant jobs."

With the offer of the T-72 on the table and the prospect of selling \$50 million in Israeli-made arms to Iran and making contacts with top leaders, Mr. Nimrodi said, he was able to go to the Israeli Defense Ministry and work out arrangements for the arms deal. No arms can be shipped from Israel without government approval.

This was sometime between the end of March and the beginning of April 1985, he said.

"At this time," Mr. Nimrodi said, "nobody was talking about the Americans. They had not entered the picture, as far as I know."

The best contact, the mortar shells was scheduled to leave, he said, during the week of April 22, 1985, and when about half the shells had been transferred to Elit for loading, Mr. Ghorbanifar suddenly showed up in Israel again, Mr. Nimrodi said.

"He said that the Iranians decided they didn't need mortar shells now but had to have 500 TOW missiles immediately to deal with the Iraqi tanks," Mr. Nimrodi said.

"We went to Peres and said, 'Look they need TOWs,'" Mr. Nimrodi recalled. "Peres said: 'No way. We can't sell American weapons.' So we went back to Ghorbanifar and said, 'Sorry, we can't.' It was then that Ghorbanifar said, 'What if I bring you Buckley? Then will you sell the arms? We went and told Peres, but he still would not give the TOWs.'"

William Buckley, who disappeared March 16, 1984, had been the CIA station chief in Beirut and at the time was one of several Americans who had been kidnapped in Lebanon. Later, he was reported to have died in captivity.

About a week after the discussion about Mr. Buckley, around May 4 or 5, Michael A. Ledeen, an informal envoy of Robert C. McFarlane, then the U.S. national security adviser, met with Mr. Peres in Jerusalem and inquired whether Israel had ideas about how to open contacts with Tehran. It was this meeting that the Israelis have always cited as the American request for help that brought Israel into the Iran affair.

"After the Ledeen visit, Peres called Schwimmer and me and said, 'If Ghorbanifar will really bring Buckley, we will try to help them get the TOWs,'" Mr. Nimrodi said. "This is when the whole business with the Americans began."



Mohammed Ali Hamadeh

2 Lebanese Held by Bonn See Relatives

By John Tagliabue

New York Times Service

BONN — Two Lebanese brothers imprisoned in West Germany, one of whom is wanted by the United States for hijacking and murder, were recently visited in prison by their parents, officials said.

The officials said Saturday that at the urging of the parents, who were brought clandestinely from Lebanon, the young men divulged bits of information about their activities to West German investigators, including the location of a small depot of liquid explosives that the police found Wednesday.

The brothers, Mohammed Ali Hamadeh and Abbas Ali Hamadeh, were arrested in West Germany last month. The United States is seeking the extradition of Mohammed Hamadeh for his alleged role in the June 1985 hijacking of a Trans World Airlines plane in which a U.S. Navy diver was killed.

Officials have evidence suggesting that Mohammed Hamadeh may have been traveling to West Germany as part of a new terrorist offensive in Western Europe by Shiite Moslems.

Contacts with the parents were considered crucial to West German officials, since it is believed that two West German kidnappers earlier this month in West Beirut are being held by other Hamadeh family members to force the release of the youngest brother, 22-year-old Mohammed.

Der Spiegel, in an article to appear Monday, cites government sources as saying that letters from the two kidnapped businessmen, Rudolf Cordes and Alfred Schmidt, were delivered to Chancellor Helmut Kohl by a middleman.

The report said the two businessmen confirmed in their letters that the purpose of the abductions was to free Mr. Hamadeh. They did not identify their kidnappers.

West German officials said a U.S. request for Mr. Hamadeh's extradition was still at the Justice Ministry and had not been passed to a West German court for examination. Soon after Mr. Hamadeh's arrest Jan. 13, West German officials said his extradition could come within days.

U.S. Official, Jaruzelski Agree on Closer Ties

By Jackson Diehl

Washington Post Service

WARSAW — The U.S. deputy secretary of state, John C. Whitehead, has met with the Polish leader, General Wojciech Jaruzelski, and agreed to a range of political and economic contacts meant to relax a five-year freeze in U.S.-Polish relations.

Mr. Whitehead's four-day trip, which ended Saturday, was the highest-level official contact between the Reagan administration and the Jaruzelski government since martial law was imposed in December 1981.

Mr. Whitehead met with Lech Walesa, founder of the independent trade union Solidarity, and with other senior opposition figures and Roman Catholic church leaders. He refused to predict whether President Ronald Reagan would soon lift economic sanctions against Poland dating from 1981.

Government spokesmen have said the sanctions, which include denial of credits as well as higher tariffs for Polish goods through the denial of most-favored-nation trading status, have cost the economy billions of dollars.

Officials announced several agreements to upgrade cooperation between the two governments, including renewal of formal trade talks.

A thaw in U.S.-Polish relations began after General Jaruzelski released almost all of the country's political prisoners in September. The Polish leadership has managed to restore normal relations with most West European countries in the past 18 months. It has increasingly pinned its hopes for improving its economy on Western credit and technology.

The contacts agreed upon during Mr. Whitehead's visit include preliminary talks this spring in preparation for an autumn meeting of the U.S.-Polish Joint Economic Commission to discuss trade. Officials said the commission had not met since 1980.

The two governments also agreed to begin talks next month in Washington on an agreement for scientific and technological cooperation, and for the visit to Washington of a Polish parliamentary delegation headed by Jozef Cyrankiewicz, a member of the Politburo.

In addition, U.S. companies will participate in the annual Polish industrial trade fair in Poznan this June for the first time since normal relations were broken.

Mr. Whitehead said Washington was concerned about the more than 20 Polish prisoners who were still in Polish prisons. The government denies that any political prisoners remain, describing those held as terrorists or common criminals.

Mr. Whitehead arrived in Czechoslovakia on Saturday for talks on ways to improve relations. The Associated Press reported from Prague.



U.K. Patrols Falklands Fishing Zone

Reuters

LONDON — Two unarmed ships manned by civilians began patrols around the Falkland Islands on Sunday following Britain's imposition of a fishing conservation zone.

Although Argentina rejects the British imposition of the 150-nautical mile (173-mile or 280-kilometer) zone as a new attempt by London to usurp Argentine territory, it has promised it will not avoid clashes.

When Britain announced the zone in October in response to islanders' fears that the waters were being overfished, it said it was actually claiming, under international law, a fisheries limit of 200 nautical miles (230 miles).

But Britain only intends patrolling the 150-mile zone, the same area of a military exclusion zone it declared after the 1982 Falklands war with Argentina.

Argentina has said it would maintain peace in the zone. But Foreign Minister Dante Caputo said: "If we do not enter the 150 miles that surround the islands, I want to make it clear that this is not because an administrative zone has been placed there but because by chance this administrative zone has been made to coincide with the military exclusion zone."

British officials have stressed that they do not expect a confrontation with Argentina.

Travelers wishing to fish the waters around the British-ruled islands will need a license costing up to \$120,000 from the Falkland Islands authorities.

More than 200 licenses have been issued to 100 nations, including Britain, Taiwan, Japan, South Korea, Poland, Chile, Spain, Italy, France and Greece.

A Japanese ship is reported to have arrived already, although serious fishing is not expected to start until the end of this month.

British officials said the Soviet Union, which has reached a separate pact with Argentina, has indicated it will respect the 150-mile limit, although no Soviet ships have applied yet for a license.

Venda Said to Release Cleric

United Press International

JOHANNESBURG — Police freed a black Lutheran leader who had been detained without charges for nearly three months in a South African homeland after contacting the outlawed African National Congress anti-apartheid movement, according to a newspaper report.

Dean Simon Tabenwuani Farisani, a minister in the Evangelical Lutheran Church of South Africa, was released by police Friday in the black homeland of Venda. The Star newspaper reported.

Mr. Farisani, 39, who heads the church in Venda, was taken into custody in November by Venda security police after he met with ANC officials in Lusaka, the Zambian capital.

REAGAN: Panel Expected to Seek Private File on Iran

(Continued from Page 1)

dealings because the president referred to it in meetings with aides while preparing for his interview with the special review panel headed by former Senator John G. Tower, Republican of Texas.

In that interview last week, the president answered questions for 75 minutes.

A White House official who has frequent contact with the president said Mr. Reagan often wrote notes for himself in longhand and gave them to his personal secretary, Kathleen Osborne, for safekeeping. The official said he was not sure if this was the only way that Mr. Reagan kept some record of his recollections.

Past presidents have kept a written diary or dictated periodic or daily memorandums. Mr. Nixon, for example, dictated a daily diary into a small recording machine. The Supreme Court, in its 1974 ruling, ordered some of the recordings made by Mr. Nixon on Dictabelts surrendered to U.S. District Court Judge John J. Sirica and then to the special Watergate prosecutor.

An attorney who was involved in the Nixon tapes case said Saturday that the Supreme Court ruling was definitive and that for practical purposes it meant a president had to produce subpoenaed evidence in a criminal investigation.

"The reality is that a president has no immunity, privilege or privacy," said the attorney, who declined to be identified.

The law is much less clear concerning congressional subpoenas. Several legal authorities said Saturday that if the president chose to resist a subpoena from the Senate or House, that issue might have to go to court.

Constitutional law professors said Saturday they believed a president could attempt to deny the courts and Congress his personal notes under the doctrine of executive privilege, but they were divided over how the courts might regard such a claim.

William W. van Alstyne, a Duke University law professor, said he believed the courts would not force a president to yield the notes if he made a strong claim that their disclosure would imperil or harm national security.

"If the executive puts the claim on high ground and goes no further, the executive is likely to win," Mr. van Alstyne said.

All three constitutional experts said the issue could be similar to the 1974 case in which the Supreme Court ordered Mr. Nixon to turn over 64 tapes and Dictabelts related to Watergate.

That, said A.E. Dick Howard, a law professor at the University of Virginia, is the only Supreme Court ruling on executive privilege.

Philip Kurland of the University of Chicago law school said: "The scope of executive privilege is something nobody knows."

The president said Dec. 2: "I recognize fully the interest of Congress in this matter and the fact that, in performing its important oversight and legislative role, Congress will want to inquire into what occurred. We will cooperate with their inquiries."

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10.45 FRENCH INSTITUTIONAL INVESTOR PANEL: Industry Group Selection for Stock Market Performance in 1987. Panel participants: Credit Agricole, Credit Lyonnais, Groupe Victoire, Société Générale.
12.45 LUNCH
12.45 IS THERE A MEANINGFUL CHANGE IN NATIONAL ATTITUDES TOWARDS BUSINESS IN FRANCE? Guest speaker: David de Rothschild, Chairman, Rothschild & Associés Banque.
14.45 FRENCH INSTITUTIONAL INVESTOR STRATEGY AND SELECTIONS ON THE PARIS BOURSE. Panel participants: AXA, Crédit Commercial de France, Crédit du Nord.
16.15 LATEST COMPANY DEVELOPMENTS.
16.45 OPPORTUNITIES IN FRENCH TECHNOLOGY. Jacques Malsoum, General Manager of France's Industry Ministry, former Chairman and CEO of IBM World Trade Corp.
17.30 Cocktails

- FEBRUARY 10**
09.00 THE ECONOMIC OUTLOOK FOR FRANCE. Edouard Balladur, French Minister of Economy, Finance and Privatization.
10.00 Coffee
10.30 FRENCH FRANG INTEREST RATE AND BOND MARKET PERSPECTIVES. Panel participants: Banque Indosuez, Banque Nationale de Paris, Crédit Industriel et Commercial, Group des Assurances Nationales.
12.00 LATEST COMPANY DEVELOPMENTS.
12.30 Lunch
14.15 THE DEREGULATION OF FRENCH INDUSTRY AND ITS IMPACT ON CORPORATE COMPETITIVENESS. Alain Madelin, French Minister of Industry, Postal/Telecommunications and Tourism.
15.15 LATEST COMPANY DEVELOPMENTS.
16.45 FOREIGN INSTITUTIONAL INVESTOR SELECTIONS ON THE PARIS BOURSE. Panel participants: John Reinsberg, Overseas Fund Manager, General Electric Investment Corp., Hugh Priestley, Director, Henderson Administration P.C., Steven Schaefer, Managing Director, Cechel International Advisors, Panel moderator: Roger Horneff Head, European Division, James Capel & Co., London.
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INSIGHTS

Reflections on a South African Odyssey at End

The writer, who had reported from Johannesburg since 1983, will become chief of The Times's bureau in Athens next month. This was excerpted from The New York Times Magazine.

By Alan Cowell

New York Times Service

THE newspaper billboard I sighted on my last drive to Johannesburg's Jan Smuts Airport bore the message "Evicted U.S. Newsman Regarded as Hostile." I was, in fact, being expelled by a government that no longer wished me to chronicle its country's internal struggle. But hostile? Had I been hostile to South Africa in my three years as chief of The Times's bureau in Johannesburg, then surely that last ride along the freeway would have been laden with relief.

Instead, it was a journey shot through with sadness and questioning, as if some great epic had been torn from me midway in the reading, as if I had been robbed of the chance to grasp all its narrative strands—the harshness and the resilience of the characters, the myriad small tragedies, and the battle, on a grand scale, of a nation convulsed by an anguished history.

The eviction order came from a government that has refused to explain the action publicly, either to me or to my editors in New York, from a government that has sought, through censorship and restrictions on reporters, to halt its own story in the telling, to place itself beyond accountability. The official piece of paper told me to leave not later than Jan. 10, and I did. But the visions of a land in turmoil will not be erased that simply.

But how to recount it all, in the aftermath of an enforced departure, after three years in South Africa and 10 in Africa as a whole, and after months of working under censorship. Yet my expulsion seemed not to result from any specific violation, but from a perception that—as the billboard and some officials in private moments put it—The New York Times is hostile toward the government. As if to make the point, my designated successor has been barred from entering the country.

In my time in South Africa, I was arrested by white policemen, stoned by black protesters, yet welcomed into the homes of blacks and whites alike. In a mixed-race suburb of Cape Town, an angry crowd debated my execution in front of me before another man rescued me and gave me a gift—a cassette tape of jazz music he had recorded on his own hi-fi—so that, he said, my day would not seem all bad.

A white official told me I was doing the dirty work of the Communists, and a 15-year-old black protester told me that if I did not clutch my fist and repeat a litany of revolution I would be burned to death—for my lack of commitment to a struggle that is not my own, except in the widest definitions of humanity and its hope of redemption. But that same young man became a friend, a guide through the maze of his peers' emotions, a protector of a man—a white man—old enough to be his father.

The incidents say only that South Africa deserves more than stereotypes, more, too, than the cynicism of its own or Western politicians; and that South Africa deserves a future to redeem a past so filled with passion it sometimes seems beyond absorption.

Since 1983, something fundamental has

changed in South Africa: With protest and ostracism and divestment and killing, the Achilles' tendon of white rule has been laid bare. The process started with the Soweto uprising of 1976; the current violence is harsher, more intractable, a crystallization of discontent, a drawing of lines.

But this is not, as some argue, because the government's program of half-hearted and duplicitous reform somehow raised black expectations. In fact, those changes, enshrined in a new Constitution approved by whites in November 1983, added up to a rejection of black rights. The passions behind the violence, orchestrated as some of it later came to be, fed not on raised expectations, but on the bitter knowledge that the boss had not changed at all.

The protests since September 1984 have not denied the armed might of the white state; hardly any of the 2,300 people slain since then have been white soldiers or white policemen. But the imagery of protest, both in South Africa

Whites, like blacks, know now that the status quo cannot continue. The proliferation of right-wing splinter groups, and of liberal institutions and foundations discussing "South Africa after apartheid" bears testimony to that realization, as do the pious words of white English-speaking businessmen seeking to protect profit and free enterprise after the so-called liberation.

But for now, there are no answers beyond the maintenance, by detention and emergency rule, of an untenable status quo.

So what's it really like, my friends outside South Africa would ask: Is it dangerous? Don't you hate it?

No, I didn't hate it. South Africa was my home for longer than any other place in the last 21 years, and I left with memories of warm and caring people—some, like Molly Blackburn and Matthew Goniwe, dead, martyred. I remember, too, going 15 conversational rounds with Chris Hani, minister of constitutional development and planning and the grand vizier

South Africa deserves more than stereotypes, more, too, than the cynicism of its own or Western politicians; South Africa deserves a future to redeem a past so filled with passion it sometimes seems beyond absorption.

and abroad, has produced far greater damage than rocks and gasoline bombs ever could: the collapse of the currency and the withdrawal of foreign credit; the sanctions and denunciations that rejected Pretoria's claim to membership in a community of nations depicted as civilized; the loss of technology caused by disinvestment; and the loss of expertise as more and more whites leave, unsure of where the government is leading them, except toward disaster.

The protest had other effects, too.

Among blacks, generations of conditioning to impotence fell away with the discovery of a new power—not the kind that will bring military defeat to a vast and repressive state machinery, but the kind that a slave might exert over the master by simply saying "No"—"No, I will not go to your schools, or shop in your stores, or do as I am told, like my mother and my father did before me. Yes, you will punish me, and yes, I will have no schooling, and yes, I will suffer for it. But I will destroy my own present if it robs you of a future."

It is a struggle for raw, naked power in Africa's wealthiest land, a struggle whose outcome neither Washington nor Moscow can ignore. But American policy has been ineffective, based on the impossible premise that, somehow, the physically stronger of two combatants might be persuaded to surrender before the war has even reached a decisive phase.

The Reagan administration, clearly, does not wish to see radical black socialists in charge of all that South Africa has to offer. But by basing its policy, essentially, on close contact with the country's white rulers, and by hoping that they might be coaxed and urged toward real change, Washington has succeeded only in accelerating the demise of moderation and the narrowing of the few options that ever existed in this society.

of neo-apartheid, and concluding, with some exasperation, that we would never agree even on the terms of the argument. Let alone its outcome; listening to Louis Nel, the former information chief, explain black African venality to me by recounting how, as a lawyer, he helped a Belgian businessman bribe a Zairian officer in Kinshasa.

But, perhaps, my harshest memories are those of a conflict that few South African whites have seen at close hand. No, I would tell my friends, it's not dangerous where I live, an affluent green suburb zoned for white residential use. It was not dangerous at all, for instance, for those who attended the November opening in a white suburb of a new and exclusive club that boasted a membership fee of \$6,000.

I could sit near my garden, knowing that the army was just over the hill in Alexandra township and that, if trouble erupted, I would be shielded from it. I knew, too, that the cost of my tranquility was the brutalization of thousands, black and white.

And for visiting the nonwhite areas the rules are simple: Don't go by yourself; take someone from the black community with you; don't go at sunset; and, most of all, back off while you can. In my haste, I disobeyed them all.

It was early last year, in Alexandra township, a few miles and several worlds away from Johannesburg's swankier suburbs. A misguided sense of duty had sent me to check out reports of violence. Often in the past I had driven to the outskirts of townships and talked with young protesters about the likelihood of trouble if I proceeded further.

This time, it didn't work. As I halted at the outskirts of the township, trapped in a line of other cars, and wound down a window to begin

the inquiries, the stoning began. I have half-formed visions of the next few seconds. I remember, vaguely, shouting something to the effect that I bore no hostile intentions, that I was a reporter from The New York Times. I remember an old woman darting behind the car and, by way of response, hurling a rock that shattered the rear window. Most of all, I remember watching through the broken windshield, as if in slow-motion, a lanky young man in a long coat produce a gasoline bomb with a burning wick. I remember thinking that, this time, my luck had finally run out.

Then, the miracle. A black taxi driver in front of me nudged forward just enough for me to accelerate and escape. The gasoline bomb landed, and exploded, exactly where my car had been.

What lesson could be drawn I cannot say, except that this is indeed a bewildering land, where black and white in the popular imagery, are at war, yet where a black taxi driver might save the life of an unknown white reporter as if to say, "Look, there is still some hope for us all."

TOWARD the end of my assignment, I went briefly to Europe on family business, and took a bus ride in Bonn. What was it, I wondered, that made the faces of my fellow passengers somehow different from the faces I encountered every day in South Africa? It took some time to work out, but it should have been obvious from the start: 42 years have passed since the cessation of hostilities in Europe, so there is a kind of complacency in those faces. In South Africa, where there is scant prospect of a racial armistice, the concerns are all centered, in one way or another, on survival.

A black clerk from Soweto explained to me once that each time he went to work he worried all day whether his children would still be there when he got home. Would they have been detained or hurt or shot, or have fallen afoul of the so-called comrades? Such concerns do not affect whites, and, to watch the tennis parties and the cookouts, the power boats and the sailboats on the waters, the fancy sedans on the highways, a transient in this land might think there is no concern at all, as if a pact had been made with the authorities: Do what you will to protect our privilege, and we will look the other way.

Yet white lives, too, are framed in apocalypse. "Adapt or die," President Pieter W. Botha has told his followers, options computed in extremes. Many young whites, these days, brought up in segregated areas and attending segregated schools, are introduced to their black fellow citizens over the rim of an armored military vehicle, through a gun sight, or at the receiving end of a rock or gasoline bomb. Chance conversations with strangers turn easily to mighty issues, interspersed with racial pejoratives and hard questions: Why do you Americans hate us so? What have we done to deserve such punishment? What do you think will happen to us?

Apartheid, the authorities say, is dead, replaced by what they term a program of cautious racial change. In the sense of total separation between black homeland and white South Africa, maybe apartheid's initial vision has been denied by the permanence of nine million



A South African miner displays a "necklace." The gasoline-drenched tire is put around someone suspected of collaborating with the white authorities, then set afire. It is meant as a warning to others not to collaborate with the state.

blacks, mainly urbanized, in what was supposed to be a purely white South Africa.

But, standing last month on a hillside overlooking Uitenhage, amid the green tents and rusting zinc shacks of a completely new squatter camp, the notion seemed a callow denial of reality. In those tents, with kerosene stoves burning and endless dust billowing around them, and in those shacks salvaged from earlier squats, were 30,000 people, rootless people, forced off farms by drought in the early 1980s.

They had set up a squatter camp in Langa, the place where, on March 21, 1985, the police gunned down 21 blacks marching to a funeral. Then, their squatter camp became an irritant to whites living nearby, a blot on a landscape the authorities had zoned for mixed-race residence. So, last July, the trucks with the loudspeakers came and told people they would have to move. Their leaders were detained, and move they did, to another place without clinics or schools or decent sanitation, from one miserable dumping ground to another.

South African authorities today insist that the "revolutionary climate," as it is known in the official lexicon, has abated in some places, and the rate of killing is supposed to be lower (though 300 died in the first three months after the emergency decree of June 1986 was declared). Certainly, the mood is more subdued.

Black leaders, generally, are in hiding or exile or detention. Censorship and the restrictions

imposed on journalists—television journalists in particular—have chased the images of flame and turmoil from foreign television screens.

Behind the great wall of the emergency, though, the violence continues, particularly around Port Elizabeth: the nighttime raids and the detentions, the increasing deployment of poorly trained and often brutal black municipal policemen to do the white man's dirty work, which may then be officially depicted as "black-on-black violence."

Once, the government might have found mediators to help reach a compromise. And such is the vastness and complexity of this land that, as in Zimbabwe, there is no question of a solution that ignores white demands. But unlike Zimbabwe, there is no colonial power here to broker a deal (the United States might once have fulfilled that role: no one else could).

Each day brings new word of divestments and sanctions and mounting ostracism, but that will only stiffen Afrikaner resolve. Meanwhile, the African National Congress and the South African Communist Party move further from any moderation that might once have existed.

Perhaps it is fateful to say so, but you cannot have peace talks without a war, and the war is not yet won or lost. Whites still hold the power. Why should they negotiate their own surrender when they are not beaten? No one else ever did, yet that, in their perception, is what a hostile world is demanding of them.

General News

ANGOLA: CIA Is Said to Use a Zairian Air Base to Aid Angola Rebels

(Continued from Page 1)

might, quite some activity," a source said.

From the air, the two landing strips and the dozens of support buildings spread across a plain of wooded savannah. The base is closed to unauthorized visitors, whether by air or from Kamina, a railroad junction town of 100,000.

In July, Defense Minister Francois-Xavier de Donckere of Belgium visited the base in the company of Belgian newspaper reporters.

"To the left and right of the runway there are small holes with lights on them; it's American material that can be immediately removed," a reporter wrote in De Standard, a Belgian newspaper, of the visit. "Among other places, it is from here that the Americans supply the Angola guerrilla units. The night flights of the American planes apparently stopped a few weeks ago. But the installations are still there, so operations can be started up at any moment."

Roads from Kamina to Angola, 200 miles west of here, are largely impassable. There is a railroad from here to Angola, but it is not believed to have been used for shipping the arms. According to sources, the arms were flown from here to Jamba, Mr. Savimbi's headquarters in southeastern Angola.

Kamina is believed to be one of at least two supply points in Zaire for the rebels. In November, Angolan military officials reported that Unita had opened a new front in northeastern Angola, 100 miles south of Kamina.

Pilots have reported frequent instances of American military C-130 and C-141 cargo planes landing at Kamina airport.

American military officials say the military planes are either carrying American military aid to Chad or military aid for Zaire.

Reports that American military aid was secretly funneled through here coincide with larger American interests in this remote corner of Zaire. Known as the Shaba region, the area is a major copper exporter and produces 60 percent of the world's cobalt, a strategic mineral used in airplane manufacturing.

There are only 200 Americans living in Shaba, but the U.S. consulate in Lubumbashi, the regional capital, has 12 full-time staffers. Shaba is one of two areas in

Zaire the United States has targeted for its aid program, administered by the Agency for International Development.

AID is rebuilding 3,000 miles of dirt roads in Shaba. Last year, AID started rebuilding two roads, totaling 600 miles, that run roughly parallel to the Angola border about 50 miles inside Zaire.

In an interview, Dennis M. Chandler, AID's director in Kinshasa, said these road projects were designed to restore agricultural production, which has dropped sharply with the collapse of Zaire's road system.

In a separate effort, American military officials in Kinshasa are known to be anxious to win American aid to rebuild Kamina base. If renovated, the base could provide rapid access to southern Africa.

In 1985, a team of American engineers visited the base and concluded that it would cost \$60 million to \$100 million to repair the installations.

In December, in a classified State Department briefing paper delivered to President Ronald Reagan on the eve of a visit to Washington by Mr. Mobutu, diplomats

argued for spending \$20 million to rebuild the base.

The White House has not acted on the proposal.

Historically, Mr. Mobutu has had close links to the CIA. In 1965, the year he took power, CIA agents in Kinshasa used to give him daily briefings on world affairs. In the mid-1970s, the CIA sent arms through Zaire to guerrilla factions fighting in Angola.

Reporter Held by Zaire

On Jan. 24, police agents in Lubumbashi prevented Mr. Brooke, the writer of the above dispatch, from boarding a plane to Kinshasa. In a one-hour interrogation, the agents repeatedly asked him if he was investigating allegations that Zaire was a transfer point for arms to Unita.

On Jan. 26, the U.S. ambassador to Zaire, Brandon H. Grove Jr., conveyed a message from the Zairian government to Mr. Brooke that if he wrote about the Zaire-Unita relationship, the Zairian authorities would never again grant him an entry visa. The ambassador stressed that he was merely passing along the message.

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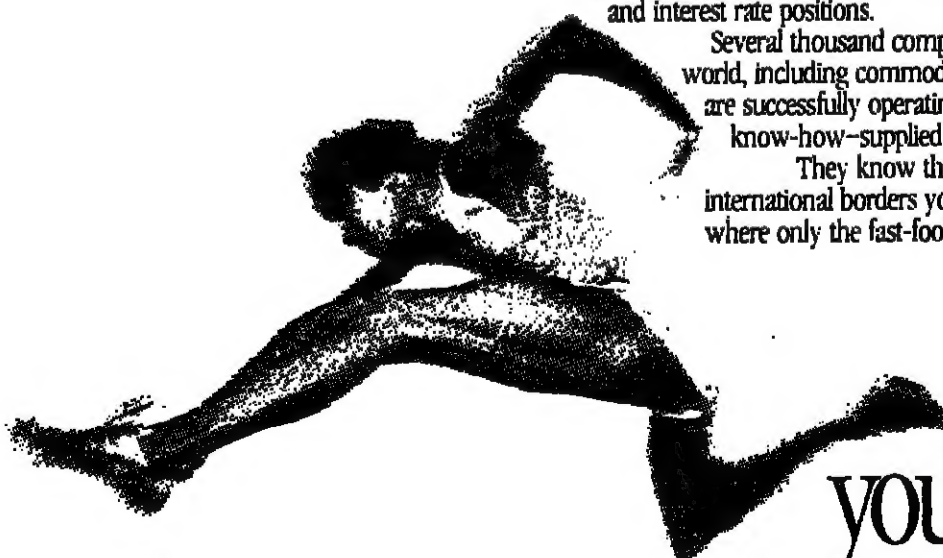
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Layers of Lies on Iran

Those who mired America in the Iran-contra arms affair deceived the public, Congress, each other and themselves. That much is established by the Senate intelligence committee's new report. Judging from the Senate White House reaction, the self-deception continues. The president is pleased that the report "is consistent with his claim that the Iran deal was a statesmanlike initiative 'from its inception.'"

The report, a prelude to deeper probes by designated House and Senate committees, does none of that. Chairman David Boren acknowledges that the foreign policy disasters may have started innocently as a gesture toward Iran, but even if so the gesture quickly degenerated, first into an arms-for-hostages deal and then into a way to sneak money to the contras. Lying was an indispensable means to those ends. Apparently Congress must sift through layers of lies to find out what happened.

The key participants gave each other wrong answers at key moments, creating a false sense of security. For example, Robert McFarlane, then the national security adviser, testified that William Casey, the CIA director, denied that Israel had secretly shipped arms to Iran. Confirmation might have helped alert the administration to Iran-

el's interest in promoting arms shipments. But Mr. McFarlane had cut the National Security Council off from Secretary of State George Shultz's advice that Israel's interest did not coincide with America's. And after approving a mission to Israel by Michael Ledeen, an NSC consultant, he apparently gave Mr. Shultz erroneous assurances that Mr. Ledeen had acted "on his own book."

Nor was the State Department entirely a victim of deception. As recently as last November, Assistant Secretary of State Elliott Abrams withheld from the committee the information that he had solicited contra money from foreign countries.

And so the deceptions multiplied. They litter the path of the investigating committees as the committees try to trace missing millions of dollars and to reconstruct numerous White House meetings involving the president, chief of staff Donald Regan, and Lieutenant Colonel Oliver North. Mr. Regan takes the strange position that he cannot speak out publicly while the investigators are trying to find out what he knew. How did he, so fierce in his feelings about Iran and about bending to terror, come to betray his own principles? The layers of lies make the answers seem distant.

—THE NEW YORK TIMES.

A kind of endurance contest is taking place with respect to the Iran-contra affair. Barring the unforeseen — and there has been no grand unforeseen event since the White House disclosed in November that funds from arms sales to Iran had been diverted to the contras — the affair will continue to unfold in bits and pieces, some so small as to make all but the most dedicated lose their zeal for pursuit. Naturally, the White House likes it this way. Its theory appears to be that people will lose interest and things political can then return to normal, especially if it turns out, as it so far has, that no information tying the president personally to the diversion scandal has been developed. It leaves him exposed to charges that he ran a terribly loose ship, but that is something his aides think he can live with.

The other entry in this peculiar endurance contest includes the politicians, investigators and citizens who feel that the facts must be learned and the affair's meaning absorbed into the mainstream of public awareness and policy. The motives of some can be ascribed to a mean political spirit. But there is also plenty of good faith among the sloggers, who are not all out to bring

down the president or the republic. They think that the costs of inquiry are relatively small compared with those of "moving on."

The newly published report of the Senate intelligence committee makes its contribution here. It reflects only a first investigative cut and lacks testimony from key actors (John Poindexter, Oliver North), but it provides the most comprehensive account so far in the public domain. There is enough to show that through much of the affair the president was flying in an ever thickening fog, self-deprived of the counsel of his leading cabinet officers, relying on less independent-minded and less experienced figures to make judgments of substance that should never have been addressed in the absence of his first team. It is depressing to see a president, intent above all on the return of the hostages, being served so poorly by his aides, not least by his chief of staff. It is painful to see the whole group, including the president, failing to draw from the lengthening record of disappointment and betrayal the conclusion that a terrible mistake had been made. The inquiry, and reflection on it, must go on.

—THE WASHINGTON POST.

Aggressively to the Brink

After a great struggle, with negotiations running to the 11th hour, the United States and the European Community have managed to avert a grain war. The disquieting thing about this performance is that it arose from the kind of trade dispute that governments ought to be able to resolve routinely, with less branding of heavy weapons.

It began with the admission of Spain and Portugal into the Common Market. The purpose of this admission was essentially political; the other countries wanted to acknowledge and support the move to democracy in Iberia since the mid-1970s. But the immediate consequences were economic, including the application of the Community's prohibitive tariffs on American grain shipped to the new entrants. Americans had been selling a lot of grain there, and under the rules of trade they were entitled to compensation. What sort, and how much?

America has often been at fault in these collisions, but this time most of the blame lay with the Europeans. Their farmers are producing huge surpluses, and European politicians have not yet found the inspiration to deal with them rationally. Full compensation to the Americans was too inconvenient for Europe to contemplate.

The White House responded with an unusually ingenious ploy, a threat to impose a 300 percent tariff on a long list of imports carefully chosen to divide EC farmers, hit

nearly every country and avoid anything that could remotely be considered a staple of life. It covered wheat (France, Italy, West Germany), cheese (France, the Netherlands), gin (Britain), olives (Greece), tinned hams (Denmark), endives (Belgium) and endives on it, must go on.

That set a lot of European producers, what you might call the gourmet section of the farm lobby, screaming at their governments, in alliance with processors and shippers. In the end, for once, the grain growers were outcrossed and the Community agreed to a compromise. The Americans have withdrawn the threat of the tariffs, and the trans-Atlantic flow of Chablis and Camembert will continue undisturbed.

But these confrontations over trade are getting more bruising, and governments on both sides are getting more aggressive. Both sides are coping rather unsuccessfully with surplus capacity not only in agriculture but in several industries, most notoriously steel. The Americans are being pressed desperately by the weight of their huge trade deficit. The Europeans seem increasingly resistant to interfering with domestic arrangements for international reasons.

There was an ugly edge to the maneuvering over the grain war, and the negotiators avoided it much too narrowly for comfort.

—THE WASHINGTON POST.

The United States and Europe almost went to war this past weekend, a trade war over U.S. grain exports. Narrowly, open combat has been avoided — to the immense relief of consumers and exporters on both sides. But, to be truthful about it, this was more like one battle; war danger endures.

Wits called this episode the "martini war" when President Reagan recently retaliated against Europe's high grain tariffs with high tariffs on British gin and Greek olives — and about a dozen other European delights. But sparing began a year ago.

When Spain and Portugal joined the European Community, they conformed their tariffs to the common tariffs, meaning sharp increases on corn and sorghum. These increases shut out \$400 million of yearly imports from America, so Washington demanded that the Community allow more imports of other farm products.

When no agreement was reached, Mr. Reagan imposed levies of 200 percent, to have taken effect Friday night, on gin, olives, white wine, cognac, canned ham, fancy cheeses and more. Europe then threatened to increase more farm tariffs. The sorry result would be higher prices, lower sales, nothing for aggrieved farmers and a dangerous spiral of hostility. All that has now been averted. Spanish and Portuguese grain tariffs will rise less than originally mandated

and the EC will reduce tariffs on two dozen other products. Corn and sorghum sales will still suffer, but not as much.

There is no such negotiable remedy, however, for what ails U.S. farm exports generally: the high value of the dollar and rising farm production in other countries. The American corn belt must adapt.

The big issue is not any one product or country, but how to keep world trade expanding. Americans feel wronged because exports have lagged while imports soared, due to the distorted dollar. The preliminary report on December trade shows the gap finally shrinking but still huge.

Meanwhile, global efforts are needed to reduce barriers that hinder trade at any price level. On this major point, the Reagan administration can take abundant credit for the new round of multilateral negotiations — the broadest and potentially most beneficial ever — and for its commitment to eventual free trade with Canada.

All countries have unhappy farmers and manufacturers who want their governments to arrange more exports and less imports. It is not possible for every industry to come out a winner. Those that cannot compete will lose. But the world at large will benefit if cool heads prevail, as they have now prevailed in fending off the martini war.

—THE NEW YORK TIMES.

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Talk of 'Minimal Deterrence' Rings a Bell

By Pierre Lellouche

This is the first of two articles.

PARIS — After serving eight years as secretary of defense, from 1961 to 1968, and directing the largest nuclear buildup in U.S. history, Robert McNamara has turned into one of the most ardent anti-nuclear activists of the 1980s.

It is ironic that Mr. McNamara, the key architect of NATO's "flexible response" strategy between 1962 and 1967 (a doctrine still in force today), is now one of its chief opponents.

In the midst of the intense Euro-missile crisis, he argued in a 1982 article in Foreign Affairs, written with three other former senior U.S. officials, that NATO should stop relying on nuclear deterrence and move instead to conventional defense only.

Nuclear weapons, he argued, had no military utility. They were also "immoral." And given the fact that the Soviets had now caught up with the Americans in nuclear weaponry, the United States could no longer credibly threaten to use nuclear weapons to deter a Soviet conventional attack without risking suicide.

Charles de Gaulle had argued that point back in 1962. Mr. McNamara, then in office, was his chief opponent.

In an article published in 1983, Mr. McNamara confessed that in 1963 he had advised President Kennedy never to use nuclear weapons in defense of Europe. But in a noted speech in Athens in 1962 he had promised the European allies exactly the reverse. So much for historical memory.

The point, however, is that, given Mr. McNamara's personal prestige and past responsibilities, the 1980s critique of NATO's nuclear doctrine greatly reinforced the anti-nuclear campaign taking place in the United States and in Europe. The Soviets immediately grabbed this golden opportunity. Only a few weeks after Mr. McNamara launched his "No first

use, no early use" campaign, Leonid Brezhnev announced that "no first use" was now an essential part of Soviet "peace" initiatives. Since then it has become imbedded in Soviet military doctrine.

And quite naturally so. Since the dawn of the nuclear age the key Soviet strategic objective had been to equal and thus neutralize the U.S. strategic arsenal. Obviously, were America to renounce the option of using nuclear weapons first to stop a conventional aggression, the Soviets, with their vast superiority in conventional weaponry and the advantage of geography, would be in a position to hold all of Western Europe hostage to their power and ambitions.

This also explains why the Soviets are so eager for "nuclear-free zones" at their periphery — from Scandinavia to Central Europe, the Indian Ocean and the Pacific — and why Mikhail Gorbachev called a year ago for denuclearization of the planet — starting with Europe, of course.

Now, in an article on this page on Jan. 24, Mr. McNamara goes a step further by presenting what he calls a "minimal deterrence" concept. To a Frenchman that sounds familiar, since it is precisely the doctrine invented by de Gaulle in the early 1960s to justify the *force de frappe* — a force which Mr. McNamara did everything he could to suppress.

Ideally, of course, Mr. McNamara would prefer no nukes at all. He finds Mr. Gorbachev's global denuclearization plan "desirable," although he judges it not to be practical since any small country or terrorist group with a few bombs would be able to blackmail everyone else.

Likewise, Mr. McNamara sym-

thizes with the objectives of President Reagan's Strategic Defense Initiative, as a means to render all nuclear arms useless. But again he quarrels with its technical feasibility.

This leaves him with the "historic opportunity," as he calls it, opened in Reykjavik, to reduce drastically both superpowers' nuclear arsenals. He envisages in particular ceilings even lower than the 50 percent cuts discussed in Iceland, down to fewer than 1,000 warheads in all.

Implicit in his reasoning is that in order to get this the United States should be prepared to withdraw all of its intermediate-range nuclear arms from Europe (as President Reagan committed himself to do in Reykjavik) and also abandon the SDI

(which Mr. Reagan refused to do). As for the Europeans, Mr. McNamara argues that they should buy themselves new conventional forces, "at modest cost," instead of continuing to rely on the "incredible threat" of U.S. first use of nuclear weapons.

In principle at least, Mr. McNamara's plan can sound attractive, especially to Americans increasingly tired of dealing with Europe anyway and concerned about the risk of being drawn into a global nuclear war for the sake of protecting ungrateful and "fat" Europeans who do not bother to pay for their own defense.

The writer is associate director of the Institut Français des Relations Internationales and a columnist for the newspapers *Le Point* and *Nouvel Observateur*. He contributed this comment to the *International Herald Tribune*.



Drawing by BAS in Tachydrum (Athens). C&W Syndicate.

After Mistakes, Too Busy for Exquisite Anguish

By Flora Lewis

LONDON — The setting was Maputo, Mozambique. It is summer and the flame trees were in gaudy blossom along the broad, grassy avenues where well-to-do Portuguese lived when this was a colonial capital called Lourenço Marques. Little has been built since then. Now the international set of diplomats, workers at official and private aid agencies and some business people have offices and homes in many of the pleasant villas.

There are fine beaches, wonderful deep-sea fishing, plenty of tennis, so their life is not hard despite the shortages of practically everything in the shops and markets and the frustrations of the job. But there is nothing much to do in the evening except entertain each other. The treat recently was a screening of Woody Allen's "Hannah and Her Sisters" in a backyard.

Some 30 people gathered for the show, complete with popcorn, under a clear sky bright with the southern constellations. On the screen, the neurotic self-preoccupations of middle-class life in Manhattan looked exotic.

Woody Allen's character suddenly confronts the idea of his own death and asks in a panic whether there is any point to "go on living in this godless world." The answer he gets from friends is a shrug. Hannah, the reliable, helpful, patient pillar of the family, is reproached by her guttural, sharp-tongued husband because she "gives so much and doesn't need anything in return."

"But I have enormous needs," cries Hannah.

It was comforting in a peculiar way — people manage never run out of problems no matter

what they do. But the contrast with the African environment and its totally different dimensions of desperation was startling.

The day had been spent talking about war and atrocities committed on hapless peasants who found themselves in its path, about disillusion with theories of how to make just and prosperous societies with ideological magic, about the sheer stubbornness of human habit, hope, resilience.

"We made the same mistake in politics that we made in economics," confided a Mozambican official. "We thought we could revolutionize agriculture with technology and leap to development that way. We spent millions and millions on machines. Within a few months they were all broken down. The people didn't know how to use them. There was no maintenance. We made all the plans as if they were for a different people. We didn't really look at what we have."

He laughed when reminded of the remark by the Communist playwright Bertolt Brecht during the 1953 workers' uprising in East Berlin: "The government has lost the confidence of the people, so it is necessary to elect a new people."

Systems founder on people. People founder on people, and yet they keep going. Mozambique, with a population of 14 million, is on the list of hunger-endangered countries, partly due to a long drought, more due to human causes. Most of the Portuguese, who ran everything and had all the skills, fled when independence came in

1975. Frelimo, the victorious liberation movement, proclaimed a centrally planned Marxist state and set out to collectivize and nationalize.

"It was natural when we were fighting the colonialists and began to read Marxist literature that we found in it explanations for what we saw as our reality," said the official. "The socialist countries denounced imperialism and they supported us, so we looked to them."

And then, he added in his list of mistakes, "there was radicalism, the disease, really a disease, of young revolutions." Now Mozambique is backing away, but its misery is drastically compounded by a rebel movement bent on disrupting the economy, preventing development, substituting banditry for labor. It is a ragtag group of mercenaries, ethnic malcontents, hungry youths. Named Renamo, it was originally organized by white-ruled Rhodesia and then supported by South Africa to keep Mozambique off balance.

These big issues of politics and strategy translate down to villagers kidnapped and massacred, fields abandoned, an impasse of despair. Blessed the rains have come again, so there is quiet subsistence where the fighters and raiders leave people in quiet. But the grand hopes, the bright tomorrows have receded again.

They have not expired. Nobody stops to ask the point of living. There is too much to do to survive. Nobody asks the point of giving, or questions how to recognize need. That is a luxury to be savored in exquisite anguish far away, brought near only on a movie screen.

The New York Times.

First Arms-for-Hostages, Now Warships on Show

By Stephen S. Rosenfeld

WASHINGTON — The nightmarish possibility opened up by President Reagan's arms-for-hostages dealing with Iran has always been that it would spill over not only into the American political scene, which has happened, but also into American foreign policy, which may be happening now.

The ominous specific sign of it, going far beyond the general mushy impact on the Reagan administration's credibility and splomb, is the president's quiet new dispatch of American warships into and toward the Gulf, where the Iran-Iraq war is raging. The ships are being sent in order to well, in order to what?

Officially the naval movements are being described as a prudent warning designed to sober Iran in its current offensive, to reassure Iraq and its worried Arab neighbors and to improve the U.S. capacity to tend to its strategic interests in the region.

These are all considerations that deserve to be weighed regardless of Mr. Reagan's dealings with Iran, but they take on a suspect quality after those dealings. The message that his policy engendered among friends of America in the region put the president under a new burden to demonstrate American concern. He had to show that, as he insists he did, he had truly halted the suspect dealings with Tehran and that there were no

further signs of an American tilt, however small and symbolic, to Iran.

He also had to show that he personally had not been so caught up in sentiment for the hostages that he was unprepared to act in a stern geopolitical way. There is an irony for you: Ronald Reagan, the man who bombed Libya, having to show that he has not gone soft.

As fate would have it, Mr. Reagan had to make these multiple showings at a time when a major Iranian offensive in Iraq was starting and, worse, when it looked as if it was making headway. Arms in the region had been requested and reserved by revolutions of the earlier Reagan diplomacy; they feared that U.S. arms had emboldened Tehran to carry through its offensive. These governments were forced to swallow their resentments and uncertainties and to invite Washington to make the gestures of reassurance that it is making now.

It is not possible to say that, but for this sequence, the U.S. fleet would not be where it is today, steaming in and toward the Gulf. But it is possible to say that the Iran affair added to the pressures on the president to compensate by moving up the fleet.

Let's be cheerful and assume that the various "signals" of warning, assurance and resolve meant to be

transmitted by movement of the ships do their intended work and that, without further U.S. involvement, the threat of the Iranian offensive recedes. Mr. Reagan can then fairly claim a tonic international success — and a measure of vindication for his naval buildup, and for his forward maritime strategy.

And now let's be more cautious and figure that the show of force, rather than slowing and cowering the Iranians, fails to have the full desired effect. This could produce the familiar dilemma of any prospective intervention in which the United States would have to choose between doing more, muddling along or backing off.

One of Iran's leading spokesmen, Hashemi Rafsanjani, speaker of the Majlis, commented on the fleet movements the other day. He said that American military intervention defied logic and wisdom and that the

United States would pay heavily for it. "Reagan is not feeling well, he is old and weak and under a lot of pressure from members of his own party," he said. "The administration is corrupt inside so it cannot make the right decisions at the right time."

From the speaker such derision comes easily. Even from Iran's standpoint, however, it seems misguided. A Reagan being pressed at home and abroad is not necessarily a comfort for Iran.

Nor is there in this situation any comfort for the United States. The fact is that Mr. Reagan's initial foolishness in dithering with Iran over hostages has not simply embarrassed the United States, it has also burdened American policy at a sensitive place at a sensitive time, and it has brought closer the possibility of a military intervention whose consequences scarcely anyone seems to have begun to contemplate.

The Washington Post.

Conditions for a Normal Relationship

WE BROKE relations with Iran (in 1979) when the government of Iran acted in ways totally contrary to acceptable norms of international behavior. Against that background, it is reasonable to assume that any dialogue with Iranian officials about re-summing a relationship should make the point that it will be impossible to establish any normal relationship with Iran until Iran has demonstrated that it no longer supports or engages in the vicious and intolerable practices that led to the break.

Since the evidence demonstrates that Iran is currently closely connected with those holding American hostages in Lebanon, and that it supported those who bombed the U.S. Embassy there on two occasions, Iran manifestly fails to meet the conditions for a normal relationship.

Under these circumstances, the sale of arms to Iran for hostages was naive, wrong and severely damaging to our national interests and credibility. First, arms sales are normally a part of a close relationship in which two parties share common security and other interests. That is patently not the case with today's Iran. Second, adding weapons to Iran's arsenal in the midst of a bloody war in which we have publicly stated we will not take sides, and while Iran still supports those who hold Ameri-

cans and others hostage in Lebanon, is to make hostage-taking profitable. To do so without any requirement for an improved strategic relationship rewards hostage-taking without even a supportable rationalization for a larger strategic gain.

— From a statement on Jan. 14 by Cyrus Vance, the former secretary of state, before the Senate Foreign Relations Committee.

LETTERS TO THE EDITOR

To Flap or Not to Flap
Lewis Lehrman's column "Americans Should Rally Round the Reagan Doctrine" (Jan. 23) makes sense. Not for the first time, a foreign policy doctrine imposes itself because it is based on constitutional intent that is uniquely American and democratic. Bipartisan support should not be submerged in the flap over Iran.

Better From a Distance
Jim Fain (Other Comment, Jan. 27) is absolutely right. The hype of the Super Bowl makes the event almost anti-climactic. The game takes a backseat to the billing, I prefer watching the Super Bowl outside of the United States where there is less hysteria.

Candy and Chewing Gum
William Pfaff writes in "For the Ever-Uneasy Germans, a New Voice on Security" (Jan. 24): "Black sol-

diers during the war were nearly all in transport and quartermaster units. The probability is negligible that front-line troops (taking over a German village in 1944-45) would be black." The troops who in 1945 invaded the Bavarian village of Pfaffen consisted of at least 30 percent black U.S. soldiers. We children felt closer to them than to their white counterparts because of their generosity in handing out chewing gum and candy.

Bernhard Schneider
Huntington, New York.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Empress Yields
PEKING — An agreement for abdication and promulgation of the Republic has been reached between the Empress Dowager, the Imperial clan and the cabinet. The agreement consists of 13 articles. The first provides for the renunciation of all political and governmental authority by the throne, but stipulates that it shall not be regarded as an enforced abdication as marked the endings of previous dynasties. The others relate to the organization of the Imperial clan and treatment of the Manchus.

1937: Stalin vs. Lenin
PARIS — The thirteen "Trotskyists," whose execution is now confirmed, will not be the last Bolshevik plotters to pay with their lives for opposition to the Stalinist regime. The G.P.U. has a long list of suspects whose activities the Soviet state police have been investigating. The revival of this traditional method of ruthlessness as a means of suppressing opposition in Russia may be accepted as a sign that the present regime feels itself as menaced as the former imperial government did. Lenin and the pioneers of the Revolution promised the creation of a Communist community in Russia. Today, the Russian masses are beginning to perceive that what they have got is not Communism.

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EUROBONDS

January's Slack Volume Suggests Boom Is Ending

By CARL GEWIRTZ
International Herald Tribune

PARIS — Glum news for investment bankers: The record-shattering pace of activity over the past three years in the international capital market may finally be running out of steam. The new-issue volume of Eurobonds was \$12.94 billion in January, down 13 percent from last year.

The figure, provided by Salomon Brothers, represents an improvement over December's volume and arrests the monthly decline recorded since the end of September, but leaves activity running at the low level set in November.

The most glaring change in the January data is the 50 percent decline in issues denominated in U.S. dollars to \$4.9 billion. The dollar had a 38-percent share of the market, the lowest ever recorded.

The slack in the Eurodollar sector was covered by a nearly fourfold increase in activity in European currency units, propelling the ECU to second place with a 15-percent share of the market. Deutsche marks, yen and Australian dollars were the next most active sectors.

However, there is some question whether such exotic currencies as the ECU and Australian dollar can be expected to continue absorbing such a heavy flow of issues since investor demand is not that great. Australian economists, noting last week that the economic outlook was gloomy, warned that the currency could weaken and interest rates climb.

The slower volume should translate into lower profits for banks. With the bulk of their earnings generated by the swaps and other business related to the new issues, a smaller number of transactions should have a big impact.

This will be offset to some extent by the more realistic bond pricing that became evident in January, which will leave underwriters with some profit from placing paper.

"The more sensible pricing will lessen the meat on the bones," said the managing director of one British-based investment bank. "But overall profitability is closely tied to volume. The larger the calendar" of new issues, "the more other activity it generates."

MOST BANKERS attributed the slowed activity to the fact that swaps, from fixed-rate into floating-rate notes or from one currency to another, are not producing rates of return that attract investors. Swaps essentially are a function of price discrepancies between different markets. At present, except for the Australian dollar market, those discrepancies are not large enough to generate the dramatic savings to which investors have become accustomed.

But some analysts suspect that the slack volume may be due to more fundamental factors. The low level of world economic growth, the low rate of business investment, the low rate of inflation and the high level of retained corporate earnings mean that there is no great need to borrow money.

None of these fundamentals appeared to have any effect on activity over the past three years: Borrowers were frantically replacing expensive debt incurred when interest rates were high with less expensive money as interest rates declined.

About 30 percent of last year's business is estimated to have been replacement financing: some \$32 billion in premature redemption of expensive debt and another \$18 billion in replacing maturing debt. There are no estimates on how much more old, expensive debt is waiting to be called by the issuers, but analysts suspect that the bulk of that financial restructuring is past.

For most borrowers, certainly for U.S. companies, it is currently cheaper to raise dollars at home than internationally. International investors remain uncertain about the U.S. currency and wary of American names given the great speed with which their credit rating can tumble because of defensive strategies to avert takeovers.

As a result, bankers are in no mood to expand their inventories of Eurodollar bonds, and there are pricing new issues more generously relative to yields on U.S. government paper to entice investors to buy the paper that is offered. Investors themselves need that added enticement to overcome their concern about the dollar and doubts about the outlook for interest rates.

An example last week was Kobe Steel's \$100 million of five-year notes guaranteed by Sauer Bank. The paper, offered at 10 1/4 with a coupon of 7 1/2 percent, was priced after commissions of 1 1/2 percent to yield 9 1/4 basis points more than Treasury securities.

Meanwhile, institutional investors and others who remain willing to buy dollar securities are reported to be increasingly attracted to short-term instruments such as Euro-commercial paper. They fear that U.S. interest rates could be driven sharply higher because of the inflationary implications of the dollar's decline.

Investors are especially jittery about how these concerns will

See EURO BONDS, Page 9

Last Week's Markets

All figures are as of close of trading Friday

Stock Indices	Jan. 30	Jan. 23	Chg%
DJ Industrial	2,159.04	2,151.82	+0.37%
DJ Utility	224.72	225.36	-0.29%
DJ Trans.	874.88	887.19	+0.64%
S & P 500	262.94	259.01	+1.52%
S & P 400	274.08	270.10	+1.47%
S & P Ind.	308.34	302.79	+1.84%
JYSE Co	156.11	154.02	+1.36%
Bond Indices			
FTSE 100	1,008.30	1,005.30	+0.32%
FT 30	1,441.00	1,435.00	+0.42%
3-month			
Mittel 225	280.48.25	279.48.61	+0.34%
West Germany			
Commerzbank	1,808.30	1,792.30	+0.92%
Hong Kong			
Hong Kong	2,552.25	2,499.43	+2.15%
World			
MSCI	399.90	396.70	+0.76%
World Index			
World Index	1,209.00	1,200.00	+0.75%

Currency Rates

Currency	Jan. 30	Jan. 23	Chg%
Australian dollar	2.00	2.00	0.00%
Belgian franc	33.33	33.33	0.00%
British pound	1.63	1.63	0.00%
Canadian dollar	1.00	1.00	0.00%
Deutsche mark	1.75	1.75	0.00%
French franc	6.55	6.55	0.00%
Italian lira	200.00	200.00	0.00%
Japanese yen	163.00	163.00	0.00%
Swiss franc	1.75	1.75	0.00%
U.S. dollar	1.00	1.00	0.00%

Source: Reuters. All rates are for 100 units of foreign currency per U.S. dollar. All rates are as of close of trading Friday.

Currency	Jan. 30	Jan. 23	Chg%
Australian dollar	2.00	2.00	0.00%
Belgian franc	33.33	33.33	0.00%
British pound	1.63	1.63	0.00%
Canadian dollar	1.00	1.00	0.00%
Deutsche mark	1.75	1.75	0.00%
French franc	6.55	6.55	0.00%
Italian lira	200.00	200.00	0.00%
Japanese yen	163.00	163.00	0.00%
Swiss franc	1.75	1.75	0.00%
U.S. dollar	1.00	1.00	0.00%

Producers Offer Pact On Coffee

Quota Plan Will Go to Importers

The Associated Press

LONDON — Coffee producers in the International Coffee Organization agreed Sunday on a proposal to bring back export quotas to try to stabilize falling world prices.

The proposal received "massive support" among the 50 producing nations attending the talks, according to a coffee producers' spokesman, Jorio Dauster of Brazil.

The proposal will be presented to the organization's importing countries on Monday.

Export quotas, the ICO tool for regulating supplies and prices, were suspended last September.

Their re-introduction depends upon the support of leading importing countries, which include the United States, Western European nations, Canada and Japan.

Delegates said that producers also agreed that they would not carry out unilateral action in the marketplace to support prices.

They noted that the United States had expressed concern about reported attempts at market manipulation by some producers and was seeking a promise of noninterference as a condition of cooperating in the re-introduction of quotas.

The average coffee price, computed by the coffee organization, is currently just below \$1.18 a pound, compared with an eight-year high a year ago of more than \$2.20.

The target range defended by export quotas until last September was \$1.20-\$1.40.

The producers' proposal calls for a global export quota for the year beginning March 1 of 58 million bags. One bag equals 132 pounds, or 60 kilograms.

Brazil, which has agreed to give up one million bags of its entitlement, would receive a quota of 15.5 million bags.

Next would come Colombia, 8.9 million bags, and Ivory Coast, 4.16 million.

People Express Flies Into the Sunset

By Eric Schmitt
New York Times Service

NEWARK, New Jersey — Fred Wilcoxson, one of the original pilots for People Express Airlines, came into work on his day off Saturday.

Captain Wilcoxson, wanted to fly one last trip, from Newark to Baltimore and back, before the six-year-old carrier was absorbed into Continental Airlines on Sunday and disappeared.

"It's kind of sad," said the 38-year-old pilot, who plans to stay with Continental despite a 22 percent pay cut.

Saturday was an unhappy day in Newark and across the country for thousands of People Express employees and passengers. With the final People Express flight, a chapter in commercial aviation history came to an end.

Spurred by the 1978 deregulation of the industry, People's bold experiment in low-cost fares and no-frills service made air travel affordable for the first time to millions of people.

From its modest beginnings on April 30, 1981, with 12 flights linking Newark to Buffalo, New York; Norfolk, Virginia, and Columbus, Ohio, People grew to be the fifth-largest U.S. airline, with 226 flights to 49 cities by 1985.

About 41 million passengers have flown on People since the airline was founded.

As People employees waited in line for their new uniforms Saturday and took pictures of each other in front of the few planes that have not yet been repainted with Continental's rust-and-gold emblem, customers wondered whether People's demise meant an end to low fares.

"It's a tragedy," said Paul Chesser, 41, a geology researcher at the University of Minnesota who was flying home to Minneapolis. "People made every place more accessible. Now that they're out of business, the airlines will raise their fares."

Continental and other airline officials, however, said that plenty of discount fares would still be available, although most of the cheapest tickets are limited and carry restrictions.

Continental and Eastern airlines, which are both owned by Texas Air Corp., announced last week that they were cutting their lowest available fares by as much



Passengers leaving a plane of the now-defunct carrier.

as 40 percent on almost all domestic flights, beginning Sunday. The lowest fares are nonrefundable and expire on May 20.

Although travelers in Newark said they would miss People's prices, almost all said they could do without the delays and deteriorating service that plagued People in recent years.

"I ride People because of the cheap fares, but it's always total frustration," said Robert Perry, 38, who was flying from Newark to Boston.

Robert Duke, 27, a drama teacher from New York, said, "I'm not very sad, since Continental's fares are the same, at least for now." Moments later, his flight to Raleigh, North Carolina, was canceled and passengers were told to catch a Piedmont flight instead.

Pamela Vittorio, 23, of New York, who flies regularly to Boston and Syracuse, New York, on People, commented, "I don't really feel sentimental about it. I hope Continental turns out to be a better company."

Mr. Wilcoxson, the pilot, said, "We were never as good as our press made us, but we were never as bad."

Despite the glitches, People's

City of London Tightens Rules On Takeovers

By Warren Geller
International Herald Tribune

LONDON — The British financial industry's panel that monitors takeovers has announced a sharp tightening of disclosure rules in response to the widening scandal surrounding Guinness PLC.

The rule changes announced by the self-regulatory Takeover Panel late Friday are effective Feb. 16.

They are designed to make takeover tactics more transparent to regulatory authorities. But, as with all Takeover Panel rules, the new regulations will have no legal force and compliance will be voluntary.

Last week, Paul Channon, Britain's trade and industry secretary, threatened to end self-regulation of London's financial district, the City, if scandals continued.

The Takeover Panel, stung by criticism that it had failed to detect apparent illicit share manipulation behind Guinness's \$2.7 billion takeover of Distillers Co. last April, said that the new rules will require anyone holding 1 percent or more of the shares in a company involved in a takeover to disclose any share dealing in that company the day after such trades are concluded.

Present rules insist on disclosure at 5 percent under such circumstances.

Underpinning its effort to halt "secret attempts to manipulate share prices," the panel said it would no longer allow those who owned or controlled relevant stakes during a bid to conceal their identity behind nominee companies.

Nominee companies are loosely incorporated entities, typically established in offshore tax havens, whose true ownership is often impossible to trace.

The panel said there appeared to have been "deliberate breaches of the takeover code" during Guinness's takeover of Distillers.

It said that the apparent breaches involved the failure of certain parties to disclose share dealing in companies party to the bid.

However, the panel said it would not issue a full report until the Department of Trade and Indus-

SEC Probes Firm Linked to Boesky

Washington Post Service

WASHINGTON — The Securities and Exchange Commission has issued subpoenas to a privately held New York securities firm, Jamie Securities, and to the firm's chief stock trader, John A. Mulhern, to determine whether there was anything improper about \$500,000 paid by the firm to the stock speculator Ivan F. Boesky, Wall Street sources have said.

The SEC's review of Jamie's payments is part of a broad look at the ties that Mr. Boesky had to various Wall Street firms. In November, he paid the government \$100 million to settle SEC charges that he used confidential information about upcoming corporate takeovers to make illegal stock trading profits.

[New York City's comptroller, Harrison J. Goldin, made telephone calls to friends last spring to help Mr. Boesky gain funds for his investment company, Mr. Goldin's spokesman said Friday. The New York Times reported.]

Aide Says Trade Deficit Will Be Reduced in U.S.

Reuters

WASHINGTON — Commerce Secretary Malcolm Baldrige has predicted that the U.S. merchandise-trade deficit, now at a record, would shrink by \$30 billion or \$40 billion in the coming year.

"I happen to think we'll see enough of a trend down in the deficit" to "have an effect on helping stop any protectionist legislation of the worst kind," he said in a television interview on Saturday.

The Commerce Department said Friday that the trade deficit widened to \$169.8 billion in 1986, surpassing the previous record of \$148.5 billion set in 1985.

However, the deficit for December shrank to \$10.6 billion, the lowest since March 1985.

"I think we'll see a \$30 billion-\$40 billion drop in the trade deficit," Mr. Baldrige said, "so I tend to be somewhat optimistic given the fact that these figures do jump around and you can't go by any one month."

The Democrats, in control of Congress for the first time in six years, have promised to enact protectionist legislation designed to improve U.S. export competitiveness.

Mr. Baldrige said he expected that Congress and the administration would be working on a trade bill throughout the summer and the debate would be influenced by what happened to the trade deficit.

But he said that the weakened dollar should make exports grow substantially and reduce the trade deficit.

He also said that the government would have to work harder to reduce the U.S. budget deficit.

The Congressional Budget Office has estimated that President Ronald Reagan's budget for the year starting in October would produce a deficit of at least \$135 billion. It estimates that the budget deficit for fiscal 1987 is about \$169 billion.

"If we don't get the budget deficit down as our trade deficit begins to fall, we're going to have trouble attracting foreign investment into this country," Mr. Baldrige said.

"That means that we'll have to raise interest rates and that could give us a recession, so we've got to

get the budget deficit down. I can't emphasize that too much."

South Korea to Cut Tariffs

South Korea will cut tariffs on 24 products and lift import bans on 158 others from July 1 to try to ease U.S. pressure to revitalize the won against the dollar, Trade Ministry officials said Saturday.

The officials said the items on which import bans were being lifted, including some cars, alfalfa pellets, canned pork, and lemon and cranberry juice, were chosen to benefit the United States.

South Korea's merchandise-trade surplus with the United States rose to \$7.2 billion last year from \$4.3 billion in 1985.

EC Makers Seek Talks on Limit For Japan Cars

International Herald Tribune

DAVOS, Switzerland — European car producers have urged the European Community's executive Commission to open talks with Japan aimed at limiting Japanese vehicle exports to their 1985 level of around 1.1 million.

The limits, if adopted, would be the first by the EC on Japanese cars and would resemble voluntary-restraint agreements between Japan and the United States. Japan sold about 1.2 million vehicles to Western Europe last year.

Francois Perria-Pelletier, head of the Committee of Common Market Automobile Constructors, said Friday that because of the falling dollar and prospects of new limits on Japanese exports to the United States, "Europe is the only place where the Japanese auto industry may now be able to make a profit outside Japan. This is unthinkable."

Mr. Perria-Pelletier, who is an executive of the Peugeot automobile group, said the committee had made its proposal to Karl-Heinz Narjes, the EC commissioner for industry.

Below is a complete list of companies licensed to arrange leasing in Turkey.

IKTISAT LEASING

For further details please contact Iktisat Leasing, Buyukdere Caddesi Ishani 80/220 Sisli, Istanbul, Turkey. Telephone: 146 1260. Fax: 147 5778. Telex: 27513.

Iktisat Leasing is a subsidiary of Iktisat Bank, Turkey's Merchant Bank.

New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coup. %	Price and week	Terms
FLOATING RATE NOTES					
Trust Obligations Participating Securities	\$200	24 mos	1 1/8	100	99.95 Over 3-month Libor. Noncallable. Fees 0.05%. Denominations \$10,000.
FIXED-COUPON					
Banque Paribas du Commerce Extérieur	\$150	1997	7%	101	99.10 Noncallable. Fees 2%.
Barrick Resources U.S.A.	\$50	1992	2	100	— Noncallable. Each \$1,300 note exchangeable for 100 grams of gold after one year. Fees 2.5%.
Kobe Steel	\$100	1992	7%	101 1/8	99.70 Noncallable. Fees 1.5%.
Mitsui Trust & Banking	\$200	1994	7%	101 1/8	99.35 Noncallable. Fees 1.5%. Denominations \$25,000.
Scandinavian Airline Systems	\$100	1989	6%	109 1/8	109.50 Noncallable. Each \$5,000 note with 10 warrants each exercisable into \$200 of a fixed exchange rate of 1.79 marks per dollar. Fees 1.5%.
Council of Europe Resettlement Fund	DM 100	1994	5%	116 1/8	119.75 Noncallable. Each \$5,000 note with 10 three-year warrants, each exercisable into \$200 of a fixed exchange rate of 1.79 marks per dollar. Fees 1.5%.
Hydroelectrica Iberica	DM 100	1994	6%	100	99.38 Callable at 101 in 1992. Fees 2.5%.
Chrysler Financial	DF 100	1992	6%	100	— Noncallable private placement.
European Community	ECU 150	1992	7%	101 1/8	99.63 Noncallable. Fees 1.5%.
European Community	ECU 200	1994	7%	101 1/8	99.25 Noncallable. Fees 1.5%.
New Zealand	ECU 200	1993	7%	101 1/8	99.38 Noncallable. Fees 1.5%.
Société Nationale des Chemins de Fer Belges	CS 90	1992	8%	101 1/8	99.63 Noncallable. Fees 1.5%. Registered notes in denominations of CS250,000.
Bergan Bank	Aus\$ 50	1990	15	101 1/8	98.75 Noncallable. Fees 1.5%.
Erite Oesterreichische Spar Cassa Bank	Aus\$ 40	1993	14 1/4	101 1/8	98.88 Noncallable. Fees 2%.
Eurofima	Aus\$ 62.5	1990	14%	101 1/8	99.38 Noncallable. Fees 1.5%.
Landesbank Rheinland-Pfalz	Aus\$ 40	1990	14%	101 1/8	97.75 Noncallable. Fees 1.5%.
Christiana Bank	¥20,000	1992	5	101 1/8	99.88 Noncallable. Fees 1.5%.
Crédit National	¥15,000	1992	5%	101 1/8	100.63 Noncallable. Fees 1.5%.
Council of Europe Resettlement Fund	¥10,000	1992	5	101 1/8	100.00 Noncallable. Fees 1.5%.
Council of Europe Resettlement Fund	¥10,000	1994	5%	101 1/8	99.88 Noncallable. Fees 1.5%.
Portugal	¥15,000	1994	5%	101 1/8	100.00 Noncallable. Fees 1.5%.
EQUITY-LINKED					
Elders U.K.	\$75	1997	5	100	— Redeemable at 118 in 1993 to yield 7.5% and callable at 101 in 1995. Convertible at Aus\$5.28 per share and at Aus\$1.305 per dollar. Fees 2.5%.
Hino Motors	\$60	1992	3 1/4	100	96.25 Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Feb. 3.
Itoman & Co.	\$80	1992	open	100	— Coupon indicated at 3.5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Feb. 2.
Mitsubishi Construction	\$50	1992	3 1/4	100	— Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Feb. 2.
Shoda Denko	\$100	1992	open	100	— Coupon indicated at 3.5%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Feb. 2.
Wyse Technology	\$45	2002	open	100	— Semiannual coupon indicated at 6%. Redeemable at par in 1994 and callable at 100 in 1995. Convertible at an expected 18% premium. Fees 2.5%.
Elders U.K.	£85	1997	7	100	— Redeemable at 123 in 1993 to yield 9.38% and callable at 101 in 1995. Convertible at Aus\$5.28 per share and at Aus\$2.30 per pound. Fees 2.5%.
WARRANTS					
Kansai Oseki	0.40	1989	—	\$36	\$36 Warrants exercisable into \$500 of a fixed exchange rate of 1.587 Swiss francs per dollar.
Banque Paribas	0.10	1990	—	DM 165	— Warrants exercisable into \$1,000 of a fixed exchange rate of 1.78 DM per dollar.
WestLB Finance	0.10	1990	—	DM 38	— Call warrants exercisable at par into a 6.5% bond due 1999.

EUROBONDS: Slowdown Suggests Boom Is Ending

(Continued from first finance page)

After this week's U.S. Treasury sale of \$29 billion in notes and bonds, particularly the demand from Japan, which has accounted for some 30 percent of recent Treasury sales.

Bankers in Tokyo suspect that the sales will go well. They note that this will be the first Treasury auction in which Nomura and Daiwa will be participating as primary dealers, and the two brokerages will want to show their muscle by taking big chunks, possibly as much as 30 percent.

Whether they have the genuine final demand to justify such a display of force remains to be seen.

Although the currency markets remain in turmoil, the Eurobond market has registered at least some support for the view that the dollar is set for a recovery from its current low levels. Two issues were launched last week giving investors currency options that assume a strengthening of the dollar against the Deutsche mark.

The Council of Europe Resettlement Fund was first in the market, with 100 million DM of seven-year bonds carrying a coupon of 5% percent. The paper was priced at a premium of 116 1/8, meaning investors were asked to pay 5,825 DM

for a security that had a nominal value of 5,000 DM.

The difference covers the cost of the 10 three-year warrants attached to each bond giving holders the right to buy \$500 at a fixed exchange rate of 1.78 DM.

Since the bonds, alone, should have been issued at a discount of 99 1/8, the cost of the warrants was really 850 DM. At that price, the dollar would have to rise to more than 1.94 DM before warrant holders begin to show a profit. By Friday, the warrants were trading at a mid-price of 1,060 DM, raising the break-even exchange rate to 2 DM.

New Loan for Algeria May Indicate A Return to More Realistic Pricing

By Carl Gewirtz
International Herald Tribune

PARIS — More realistic pricing on new loans may be coming back into fashion as competition among banks for new credit business remains intense and liquidity high, factors that have fueled a dramatic drop in borrowing charges.

That at least is the case for Algeria, which early last year shocked the market when an all-Japanese

or 37 1/2 basis points, over Libor for the first year and fall to 17 1/2 basis points in the second year, 15 in the third, 12 1/2 in the fourth and 10 in the final year, for an average cost of 14 1/2 basis points over Libor.

This is a touch more expensive than what the Soviet foreign trade bank, Vneshtorgbank, paid last year — 12 1/2 basis points for the first five years of an eight-year loan and then 25 basis points over Libor for the final three years.

The noteworthy aspect of Moscow Narodny's credit is that it is a transferable loan facility, giving lenders the right to trade the paper. This is now a standard feature in most loan agreements, but one that the Russians up to now have refused to accept. They have insisted on knowing who holds their paper.

Moscow Narodny, which has tapped the public market through the sale of floating-rate notes, is accustomed to having its paper traded in the market. Nevertheless, this is the first loan facility to be transferable and is seen by many in the market as a softening of the Soviet position.

INTERNATIONAL CREDIT

lending syndicate provided \$300 million for a low 3/4 point over the London interbank offered rate for 10 years.

The Japanese are arranging another loan, for Crédit Populaire d'Algerie. The charge on the \$100 million, seven-year credit is expected to be set at 3/4 point over Libor, in line with what Banque Nationale d'Algerie paid last year for an eight-year, \$250 million credit.

But Crédit Populaire's loan, in addition to being smaller and one year shorter, is also expected to carry front-end fees of 1 1/4 percent, well over the 3/4 percent paid by Banque Nationale, and about double the fee the Algerians were paying two years ago. The fee would raise the cost of the loan, which is being arranged by Long-Term Credit Bank of Japan, to just over 3/4 point above Libor.

Jordan, an infrequent borrower, is seeking \$150 million for seven years. Interest will be set at 3/4 point over Libor for the first 3 1/2 years and 3/4 point over Libor thereafter.

London-based Moscow Narodny Bank Ltd. is seeking a five-year credit of 100 million Deutsche marks. Interest will start at 3/4 point

program, which never exceeded \$500 million, because banks were bidding for paper at one price, nine basis points below the London interbank bid rate, and then reoffering it in the market at a higher yield, Libor less three, just to get the paper off their books.

EDF feared that the higher yield on the Eurobonds could affect the sale of its U.S. CP, even though different maturities were offered in the two markets, as well as cause confusion about the quality of its paper. It wants the paper to be sold and placed, not traded.

Daniel Lelievre, the EDF director running the program, said he chose the four Euro-CP dealers on the basis of their "philosophy of placement." Most important, he said, is that EDF wants to know at what price the paper is sold and how much the dealers take for placing it.

Many dealers, he said, resisted giving issuers this information and would only agree to reporting an "all-in" cost to the issuer.

The major Euro-CP dealers left out of the program, Citicorp, Credit Suisse First Boston and Merrill Lynch, said they were surprised by the comments about transparency of pricing, saying they had no problem supplying such information.

Meanwhile, EDF's renegotiation of a \$1 billion standby credit is still awaiting completion. About 20 percent of the original underwriters have decided not to accept the lower terms and new underwriters are being solicited.

Oesterreichische Volksbanken, the central banking institution for industrial credit cooperative banks in Austria, appointed Chase Manhattan and Bankers Trust as dealers for a \$100 million Euro-CP and certificate of deposit program.

Perot Buys 16% of Jobs's Next Inc., Joins Board

New York Times Service

SAN FRANCISCO — H. Ross Perot, a Texas billionaire, has invested \$20 million for a 16-percent stake and a board seat in Next Inc., the start-up company formed by Apple Computer Inc.'s co-founder, Steven P. Jobs.



Steven P. Jobs

Next has said it plans to produce a powerful computer work station for educational use, although it has not disclosed details.

In addition to the Perot investment, Carnegie-Mellon University of Pittsburgh and Stanford University of California have invested a total of \$1.32 million for a stake of about 0.5 percent each in Next. Mr. Jobs said Friday at Next's headquarters in Palo Alto, California.

The financing is based on a valuation of \$100 million for Next, or \$126 million with the new investment.

It leaves Mr. Jobs with 62 percent of the privately-held company he founded in September 1985.

John P. Crecine, Carnegie-Mellon's senior vice president for academic affairs, will join Mr. Perot and Mr. Jobs as directors.

Mr. Perot, 56, the founder of Electronic Data Systems Corp., a computer services company, said: "This is the first computer hardware company I've ever put a penny in."

Mr. Perot sold EDS to General Motors Corp. in 1984 for \$2.5 billion, but remained head of the operation until late last year, when GM bought back his shares for \$700 million.

Commenting that Mr. Jobs has many of the creators of Apple's Macintosh personal computer with him in the new company, Mr. Perot said, "In terms of a start-up company, it's one that carries the least risk of any I've seen in 25 years in the computer industry."

Mr. Jobs, 31, started Apple Computer with Steve Wozniak in 1976, but left 17 months ago. Mr. Wozniak previously had left Apple.

Mr. Jobs has said Next Inc.'s goal was to ship its work station during the 1987-88 school year, and that he was committed to making it in the United States.

Next may face substantial competition, both from work-station manufacturers and from more powerful versions of the Macintosh, analysts said.

Concerns on Fed Policy Boost Short-Term Rates

By Susan F. Rasky
New York Times Service

NEW YORK — Short-term interest rates rose sharply Friday as bond traders' concerns about the Federal Reserve Board's intentions and this week's \$29 billion Treasury refunding overshadowed interpretations of the latest figures on the U.S. merchandise-trade deficit.

Rates on three-month Treasury bills were up nearly one-tenth of a percentage point, to 5.61 percent, while rates on six-month bills rose 14 basis points, or 14 hundredths of a percentage point, also to 5.61 percent.

The rate for one-year bills was 5.63 percent, up a tenth of a percentage point.

"People think the Fed may be up to something because it has allowed the federal funds rate to remain firm," one trader said.

That rate, which is what banks charge each other for overnight borrowings, has been above 6 percent for the last two months. It traded between 6 3/16 and 6 1/8 on Friday.

Robert H. Schumacher, a vice president at Nomura Securities, said speculation about the Fed's intentions might have taken on a new dimension because of Thursday's report of a rise in borrowings at the Fed's discount window.

"There's always some new gimmick the market wants to key in on," Mr. Schumacher said, "and the latest, along with trade, seems to be borrowed reserves."

The credit markets initially responded favorably to a smaller-than-expected trade deficit for December and a large downward

revision in the November deficit. Some analysts said that the response was actually to the sharp rise in the dollar.

The impetus faded quickly, and the price on the benchmark 7.5 percent Treasury bond was down by 12 1/2 by the end of the day to yield 7.47 percent. Price declines at the shorter end of the market ranged from 6/32 on two-year notes to 12/32 for the 7.25 percent 10-year note, bringing its yield to 7.17 percent.

Because of the Treasury refunding, the credit market is more interested in the trade deficit's implications for the dollar than in what it signals for growth in the U.S. economy this year. But interpreting the trade figures has been complicated by the huge revisions in the data.

"I think the best way to explain what happened in the long end of the market is that buyers simply went on strike after the trade figures came out because it was all too confusing," Mr. Schumacher said.

Treasury Bonds

	Jan. 30			
	Close		Wh-ose	
Maturity	Bid	Ask	Yield	Yield
31.10.88	99 1/8	99 1/4	6.33	6.21
15.8.89	99 1/8	99 1/4	6.48	6.36
30.9.90	99 1/8	99 1/4	6.65	6.52
11.15.91	99 1/8	99 1/4	6.72	6.61
31.10.93	99 1/8	100 1/8	7.00	6.90
15.5.94	100 1/4	100 1/2	7.18	7.10
15.2.04	116 1/8	116 1/2	7.70	7.65
15.5.16	100 1/2	100 1/2	7.47	7.44

OTC Consolidated trading for week ended Friday.

[illegible]

Funds

[illegible]

(Continued on next page)

SPORTS

SPORTS BRIEFS

Indoor High Jump and Sprint Records Fall

PIRAEUS, Greece (Combined Dispatches) — Patrik Sjöberg of Sweden set a world indoor high jump record of 7 feet, 10 1/2 inches (2.41 meters) at an international track meet here Sunday, bettering the 7-10 1/2 set by West German Karl Thunhardt in January. On Saturday night, Bulgarian Stefka Kostadinova's 6-8 1/2 at a meet in Genoa improved the women's standard of 6-8, set by Tamara Bykova of the Soviet Union in March 1983.

At a meet in Ottawa on Saturday, Ben Johnson ran the 50 meters in a world record 5.53 seconds and fellow Canadian Angela Jassienko set a women's record 6.06. Johnson broke the mark of 5.61 set by West German Manfred Kofert in 1973; Jassienko, who had been out of track for 18 months while having her first child, improved the 6.11 set by Maria Koch of West Germany in 1973. (UPI, AP)

NHL Bars Quinn, Fines Canucks and Kings

MONTREAL (AP) — John Ziegler, president of the National Hockey League, has fined the Los Angeles Kings and the Vancouver Canucks a total of \$440,000 and barred Pat Quinn from coaching until the 1990 season because the Kings' former coach had secretly signed a contract to become president and general manager of the Canucks.

The Canucks were fined \$310,000 for signing Quinn on Dec. 24 and paying him a \$100,000 bonus while he was coaching the Kings, a Smythe Division rival. The Kings were fined \$130,000 — \$10,000 a day for not notifying the NHL of the signing for 13 days and for allowing Quinn to continue coaching.

Ziegler said the fines, the maximum allowed by league bylaws, were necessary to protect the NHL's integrity. Both teams indicated they would appeal, while Quinn, who will be allowed to become president and general manager of the Canucks after the 1986-87 season, said he would fight the ruling.

Solution to Friday's Puzzle

EPIC BALS DOTH
DADA OSTER ACRE
ALONGSHORE REAL
MELBOURNE SWAMP
ERNE SKIN
SHADE WRITINGS
HAIRO OROAD OIL
ABRA NADER AIDA
CLOAKER SYDNEY
BRISBANE AEGIS
ESPY ECCL
HOWLS BELLHARPS
ALMA COMPATIBLY
LEAN ADIOS DIAN
FOND PERTH ESNE

Roman Keeps Title

MONTPELLIER, France (UPI) — Gilberto Roman of Mexico stopped Antonio Montero of France in the ninth round Saturday to successfully defend his World Boxing Council super-flyweight title.

Referee Angelo Poletti of Italy stopped the bout after Roman pummeled Montero in the eighth and ninth rounds. The battering in the eighth left the Frenchman's face covered with blood.

Roman (42-3-1) is to fight former champion Santos Laci of Argentina in his sixth title defense. Montero, who lost his third consecutive title challenge, dropped to 27-1-3.

Girardelli Nips Zurbriggen; Walliser Wins Downhill

Compiled by Our Staff From Dispatches

GRANS-MONTANA, Switzerland — Marco Girardelli of Luxembourg overcame his series of painful shoulder injuries Sunday to upset defending champion Pirmin Zurbriggen of Switzerland and win the men's combined title at the Alpine Ski World Championships.

Earlier, Maria Walliser gave Switzerland its third gold medal in the competition by winning the women's downhill as the defending champion, teammate Michaela Figini, finished a tearful second.

Walliser, the runner-up to Figini at the 1984 Winter Olympics,

clocked 1 minute, 43.80 seconds down the 1,451-meter (2,659-yard) Mont Lachaux course. Figini took the silver medal with 1:44.11 and Regine Mösenlechner of West Germany won the bronze in 1:44.86.

Marina Klebl of West Germany was fourth in 1:45.06, with Laurie Graham of Canada fifth in 1:45.10, Sylvia Eder of Austria sixth with 1:45.31 and Erika Hess of Switzerland seventh in 1:45.44.

As soon as she went through the finish line and saw her time, the 23-year-old Walliser threw up her arms in triumph, then danced joyfully around the finish area.

"I'm not bitter about being second," said Figini, 20, who placed second behind Walliser down the track, then instantly watched her rival's progress and victory. She added that "everybody aims to win but I've just got to be satisfied with second."

Mösenlechner, 25, who began racing on the World Cup circuit back in 1975, said she was "overjoyed" at winning her first medal in a major championship. She had finished second behind Figini in the last World Cup downhill, Jan. 16 at Pfronten, West Germany.

As on the previous two days, Sunday's races were held in near-

ideal conditions, with bright sun,

shine and hard snow. Girardelli, the Austrian-born superstar, won his first major title by taking third in the downhill part of the combined competition, finishing behind Zurbriggen but fast enough to win the title. He had been seventh in the slalom part of the combined.

"I really didn't think I could beat Zurbriggen," he said after receiving treatment for his left shoulder, which has been dislocated three times this season. He last reinjured it during training Friday.

Girardelli, 23, said his surprise was even greater because he had entered the combined mainly to train for the regular slalom and downhill.

"I wanted to improve my slalom," he said, "and I thought the combined downhill would be run before the regular one. I wasn't really thinking about the combined too much."

Zurbriggen won the downhill portion of the combined, finishing the race with the tips of his skis in shreds, the result of a bumpy course with many jumps and hard landings.

But after having finished ninth in Tuesday's slalom, Zurbriggen needed to ski the downhill at least .60 seconds faster than Girardelli to retain the title he won two years ago in Bormio, Italy. He missed by nine-hundredths of a second, timed in 1:53.16 to Girardelli's 1:53.67.

Daniel Maher of Switzerland was second in 1:53.20. Günther Mader of Austria, second after the slalom, took the bronze medal.

Bernhard Gstrein of Austria, the leader after the slalom, was a distant 21st in the downhill and ended up fourth. Felix McGrath of the United States, third after the slalom, was 32d in the downhill and finished 15th overall. (AP, UPI)

Müller Ends 12-Year Wait for a Gold

The Associated Press

GRANS-MONTANA, Switzerland — Peter Müller, one of the sport's old-timers, upset teammate Pirmin Zurbriggen Saturday to win the men's downhill at the Alpine world ski championships.

In taking the glimmer event of the two-week tournament, the 29-year-old Müller sped down the National course in 2 minutes, 7.80 seconds to lead a Swiss sweep of the medals.

"After 12 years of racing, a dream comes true," Müller said after winning his first gold medal in Olympic or world championship competition.

Zurbriggen, the favorite to win the downhill and three other titles here, started No. 1 and posted a time of 2:08.13 — not quite fast enough to retain the gold medal he won in Bormio, Italy, two years ago.

Karl Alpgier of Switzerland was third in 2:08.20, with teammate Franz Heinzer fourth at 2:08.34. Müller, who won his 14th World Cup downhill in August's season-

opener in Las Lenas, Argentina, was the silver medalist behind Zurbriggen in Bormio and second in the Olympic downhill in Sarajevo in 1984.

For a while it looked as if he was headed for the runner-up spot again. Zurbriggen, cheered on by a bell-ringing crowd from his nearby hometown of Saas-Almagell, zoomed down the course. The other early runners trailed from the very start. Even Müller was behind Zurbriggen's times on the top part of the 3,112-meter (10,210-foot) course, but by increasingly smaller margins.

But in the middle of his run, Müller jolted ahead. He flew over the last jump and crossed the finish line to a tumultuous reception.

"This is fantastic," Müller said. "I have been waiting for this day a long time. So many times in the championships and the Olympics, I have finished in the top five, always missing the gold. Years of training and racing have at last resulted in the prize. This is my biggest win."



Peter Müller
"This is fantastic."

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

Prices tumbled on the Amsterdam market in the early part of the week, because of worries about the effect of the sliding dollar on Dutch exports and profit-taking by U.S. investors.

The ANP-CBS general index fell 5.4 points Wednesday to its lowest of the year, 257.7, before recovering Thursday and Friday.

It closed the week at 262.3, 6.1 points down from the previous week.

Brokers Kempen & Co. said firmer prices Friday showed that the worst appeared to be over.

American investors sold, taking advantage of the sharp rise of the guilder against the dollar.

European investors focused on U.S. stocks, in the hope of reaping profits should the dollar's rise toward the week's end be consolidated this week.

Frankfurt

The Frankfurt bourse had one of the blackest weeks in its history as the instability on foreign-exchange markets sent the Commerzbank index plunging.

The index lost more than 5 percent, or 98.5 points on Wednesday alone as the dollar crumbled and investors expressed their fear over a loss of competitiveness of West German exports. U.S. investors sold heavily to take profit from the dollar-Deutsche mark rate.

The market picked up some lost ground toward the end of the week as the dollar rallied, and the index closed at 1,808.2 points for a 104.1-point weekly loss.

Volume increased to 2.29 billion DM from 2 billion a week earlier.

Export-oriented stocks were hardest hit. In autos, BMW lost 11 DM to 503 and Daimler-Benz also lost 11 DM, to 1,022.50, while Volkswagen dropped 35 to 353.

In capital goods, Linde fell 49 to 637, while in electronics, AEG lost 17.50 and Siemens 37. Banks were also poor, with losses ranging from 7.50 for Commerzbank, to 18.50 for Dresdner and 34 for Deutsche Bank.

Hong Kong

The Hong Kong stock exchange entered the Year of the Rabbit on an upbeat note, assisted by China's purchase of a stake in the British territory's main airline, Cathay Pacific Airways.

After stumbling 15.08 points on Monday, the bellwether Hang Seng index rallied to 2,553.25 points at noon Wednesday when the market closed for the four-and-a-half day Lunar New Year holiday. It had closed 53.82 points lower the previous Friday at 2,499.43.

Market activity focused on Tuesday's announcement that Beijing-controlled China International Trust & Investment Corp. had agreed to buy a 12.5 percent stake in Cathay Pacific from the airline's parent company, Swire Pacific, and Hongkong & Shanghai Banking Corp.

Trading in Cathay Pacific and Swire Pacific was suspended throughout the week as the \$249 million agreement was consummated.

Turnover on the stock exchange for the week was 781 million Hong Kong dollars, well down from 1.24 billion dollars the previous week.

London

An early record-breaking surge on the London Stock exchange last week gave way to profit-taking.

The Financial Times 30-share index had its biggest one-day rise on Tuesday to reach a new high of 1,441.6 points. The more widely-based Financial Times-Stock Exchange index of 100 leading equities also reached a new peak of 1,814.1.

Both indicators failed to maintain best levels. However, the FT index closed at 1,441, still up from 1,425.9 the previous week, and the FT-SE at 1,808.3, up from 1,795.3.

Heavy institutional buying, spurred by a strong Wall Street, encouraged gains in most sectors, with particular interest in stores, builders and international stocks.

But investors later turned cautious on rumors of an imminent rights issue and an opinion poll pessimistic about prospects for Margaret Thatcher's Conservative government.

Gifts gave a favorable response to Britain's December trade figures. An early rally in precious metal prices, inspired by the weakness of the dollar, boosted gold mines. But nervous selling quickly set in on rumors of impending moves to stabilize the dollar.

Milan

Milan stocks had a difficult week. Blue

chips, after several weeks of buoyancy, drifted down, causing an overall 1.8-percent fall in the stock exchange index, despite minor recoveries Thursday and Friday.

A total of 165 million shares were traded, against 180 million the week before, for a value of 789.39 billion lire, against 815.55 billion.

The stock exchange index closed Friday at 976 points, from the previous Friday's 993.

The chemicals group Montedison SpA, which had risen by 6.7 percent the previous week, shed 2.3 percent ahead of an expected boardroom reshuffle.

Fiat SpA announced good results for 1986, but was still marked down by 2.4 percent. The office equipment company Olivetti SpA fell 5.2 percent.

Paris

Prices on the Paris Bourse were generally underpinned by the falling dollar last week, but analysts said the mood was bullish because of the liquidity flooding the market.

The CAC index fell Monday in line with Wall Street, steadied Tuesday along with the London market, then hit a record of 425.7 points Wednesday, despite a plunge in the dollar and generally morose trading.

This contradiction was explained by the CAC's large range of shares and the calculation of the index on early prices.

The decline set in again on Thursday as U.S. investors sold heavily to take profit from the dollar-franc rate and fears surfaced on the possible negative effects of the dollar's plunge on French exports.

But the index recovered Friday as the dollar rallied, and closed the week at 418.0 points, down from 425.3 a week earlier.

Singapore

Singapore stocks were sluggish last week, in trading that was limited to two and a half days because of the Lunar New Year holiday.

Some good gains were posted, although investors were not willing to commit themselves at the start. Interest centered on Malaysian counters and selected quality stocks.

Turnover totaled 47.8 million units valued at 123 million Singapore dollars. The all-share index advanced 1.78 points to 286.72.

The Straits Times Industrial Index was not calculated for the holiday-shortened week.

Leading the active stocks, Sime Darby had a turnover of 5.6 million units and gained 11 cents to 2.46. It was followed by UMW with 3.2 million units and DBS with 2.2 million units.

Tokyo

Prices on the Tokyo stock market soared to record highs every trading day last week with the Nikkei average topping 20,000 yen and capitalization exceeding 300 trillion yen for the first time.

The 225-stock Nikkei average finished at 20,048.35 yen Friday, surpassing 20,000 for the first time since the market reopened after World War II. The average reached 10,000 yen only three years ago.

Friday's finish represented a 306.98-yen rise over the previous Friday.

The composite TSE index of all common stocks listed on the market's first section, numbering 1,081, also soared to a high of 1,750.65 points Friday for a 33.73-point weekly gain.

Capitalization, or the aggregate value of all stocks listed on the first section, amounted to 303.16 trillion yen on Tuesday, and rose further Friday to 312.56 trillion.

Trading was active with daily average turnover amounting to 1.1 billion shares, compared with 1.02 billion the previous week. But turnover value slipped to 795.88 billion yen a day on average from 839 billion.

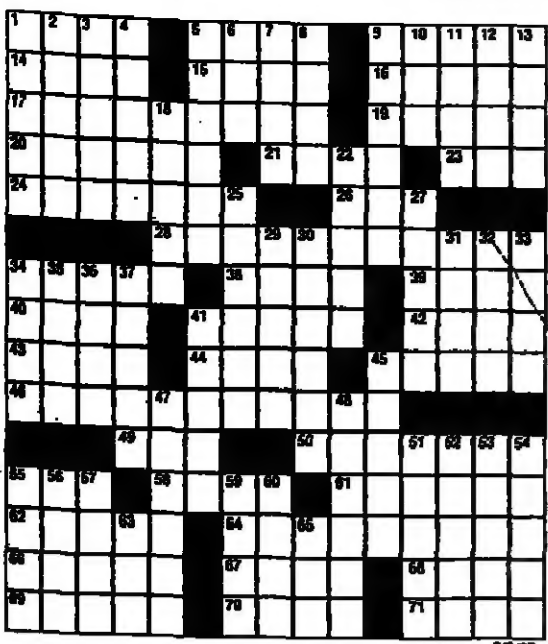
Zurich

Prices on the Zurich market lost ground last week in hectic trading as the instability of the dollar and uncertainty over a possible EC-U.S. trade war took their toll.

The Credit Suisse index closed on Friday 4.6 points down over the previous week at 547.5, while the Swiss Bank Corp. index lost 12.6 points to 655.7.

Analysts predicted a calmer mood this week, even though all eyes will be fixed on the dollar.

Export-oriented stocks were especially vulnerable to dealers' anxieties, and among industrials only Fischer finished higher at 1,975 for a steady, with Sandoz nominal up 75 to 4,300. Swiss Bank Corp. dropped 21 to 525, while Electrowatt lost 13 to 3,710. Insurances and foods weakened.



ACROSS
1 Lunch, e.g.
5 Lay animals' milieus
14 "Aeneid" starter
15 Foggy
17 Kind of acid
17 Reporters' subject on February 2
19 Annie's companion
20 Rounded hills
21 "Fall in Love," 1933 song

23 Romance lettuce
24 Floor covering
26 Petroleum
28 Seasonal
34 Try out
36 Draft status
39 Granular snow
40 A son of Leah
41 Swiftly
42 Follow closely
43 Purses stuffers
44 Fulfilled, as a promise
45 Jackassery
46 Shakespeare play, with "The"

49 Fuss
50 Of part of the eye

55 Poke
58 Monogram pt.
61 Isolating mathe-
62 Skipper's "Haki!"
64 Radio character who "knows!"
66 Very, in music
67 Rescue
68 Actress Velez
69 Curse
70 Inspired reverence
71 W.W.II vessels

DOWN
25 Feet one's way
27 Slow, in music
29 Lacking skill
30 Bees' collection
31 Calf meat
32 Wicked
33 Depend (on)
34 Word with man or share
35 Painter Guido
36 Kitchen feature
37 Outlook
41 City SE of Cleveland
42 "To — a pail of water"

43 Redactor
48 Seated
51 On the whole
52 Complication
53 Take as one's own
54 George Eliot's mate
55 Toast spreads
56 Admit frankly
57 Cotton bundle
58 "boy!"
59 Spell of warm
60 Vikings
62 Garments for Cato

63 RR depot
65 Abel's mother

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DENNIS THE MENACE



JUMBLE

THAT SCRAMBLED WORD GAME by Henry Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

DUNBO

VOBEA

LOOGGI

NACAMI

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: A

Friday's Jumbles: FRUIT HUND MUFFLE CALICO

Answer: Why no one laughed at that joke about the fruit basket was that it left them cold.

WEATHER

EUROPE HIGH LOW ASIA HIGH LOW

Algeria 16 11 17 12
Amsterdam 11 8 12 9
Athens 13 10 14 11
Barcelona 12 9 13 10
Belgrade 10 7 11 8
Berlin 10 7 11 8
Brussels 10 7 11 8
Bucharest 10 7 11 8
Cairo 18 15 19 16
Cardiff 10 7 11 8
Copenhagen 10 7 11 8
Dubai 28 25 29 26
Edinburgh 10 7 11 8
Geneva 10 7 11 8
Helsinki 10 7 11 8
Hong Kong 28 25 29 26
Istanbul 10 7 11 8
London 10 7 11 8
Lyon 10 7 11 8
Madrid 10 7 11 8
Manila 10 7 11 8
Mexico City 18 15 19 16
Moscow 10 7 11 8
New Delhi 28 25 29 26
New York 10 7 11 8
Oman 28 25 29 26
Paris 10 7 11 8
Rangoon 28 25 29 26
Rome 10 7 11 8
Seoul 28 25 29 26
Singapore 28 25 29 26
Stockholm 10 7 11 8
Sydney 18 15 19 16
Taipei 28 25 29 26
Tehran 10 7 11 8
Tokyo 10 7 11 8
Toronto 10 7 11 8
Vancouver 10 7 11 8
Vienna 10 7 11 8
Warsaw 10 7 11 8
Washington 10 7 11 8
Yokohama 10 7 11 8

AFRICA HIGH LOW

Algiers 10 7 11 8
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Cape Town 10 7 11 8
Johannesburg 10 7 11 8
Lima 10 7 11 8
Lyon 10 7 11 8
Madrid 10 7 11 8
Manila 10 7 11 8
Mexico City 18 15 19 16
Moscow 10 7 11 8
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Warsaw 10 7 11 8
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Yokohama 10 7 11 8

LATIN AMERICA HIGH LOW

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Cienfuegos 10 7 11 8
Columbus 10 7 11 8
Havana 10 7 11 8
Lima 10 7 11 8
Lyon 10 7 11 8
Madrid 10 7 11 8
Manila 10 7 11 8
Mexico City 18 15 19 16
Moscow 10 7 11 8
New Delhi 28 25 29 26
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Paris 10 7 11 8
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Tehran 10 7 11 8
Tokyo 10 7 11 8
Toronto 10 7 11 8
Vancouver 10 7 11 8
Vienna 10 7 11 8
Warsaw 10 7 11 8
Washington 10 7 11 8
Yokohama 10 7 11 8

NORTH AMERICA HIGH LOW

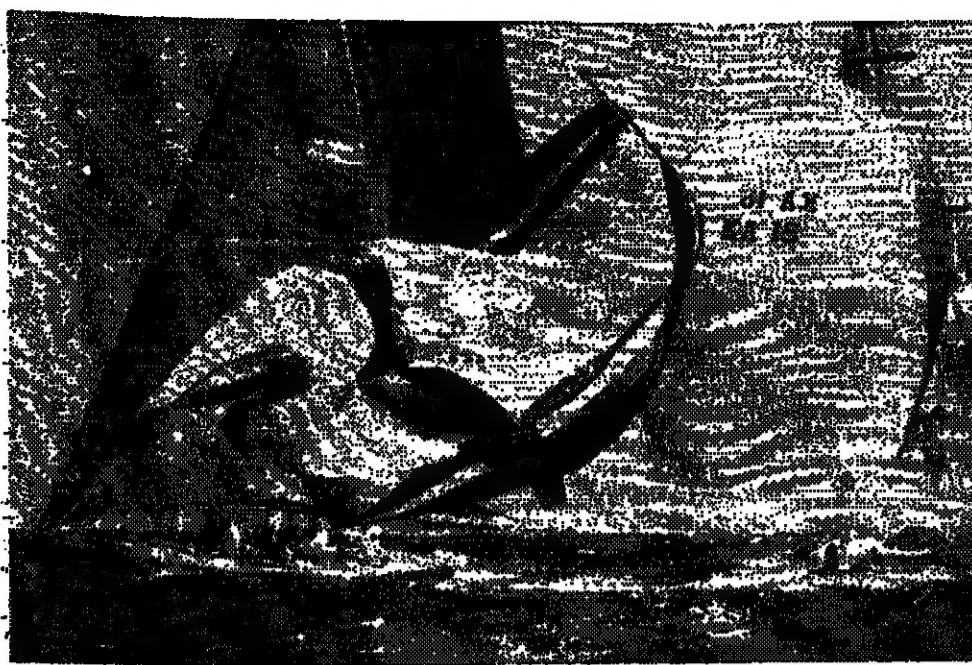
Anchorage 10 7 11 8
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Denver 10 7 11 8
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Warsaw 10 7 11 8
Washington 10 7 11 8
Yokohama 10 7 11 8

OCEANIA HIGH LOW

Auckland 22 19 23 20
Brisbane 22 19 23 20
Canberra 22 19 23 20
Christchurch 22 19 23 20
Dunedin

SPORTS

All-Weather Stars & Stripes Jumps to 2-0 Cup Lead



Well ahead, Conner could afford to douse his spinnaker well before the end of Sunday's seventh leg.

Compiled by Our Staff From Dispatches

FREMANTLE, Australia — Dennis Conner sailed Stars & Stripes through wild winds and rough seas Sunday to a 70-second defeat of Kookaburra III, taking a 2-0 lead in the best-of-seven America's Cup final after having won Saturday by 1 minute, 41 seconds in a race that demolished the myth of the Australian yacht's supremacy in light air.

In Sunday's 22- to 27-knot winds and five-foot (1.5-meter) swells, Conner also humbled opposing skipper Iain Murray on the two downwind legs, previously considered Kookaburra III's strengths. In two races, Conner proved superior in every weather condition, and gained on almost every leg of the 24.1-mile (38.9-kilometer) course.

"We've got to get our act together," said Kookaburra III starting helmsman Peter Gilmore. "They've been putting it together better."

In September 1983, while skipper of the yacht Liberty, Conner was beaten by Australia II at Newport, Rhode Island — after leading

by 3-1 — to become the first U.S. skipper to lose the cup since the competition began in 1851. He had led, 2-0, in that series.

With Sunday's winds coming from the south-southwest, and twice as strong as the breeze that prevailed for most of Saturday's match, Gilmore even got the favored windward position at the start.

In a high-risk tactic, he jibed around the committee boat with only 50 seconds to go and headed to the line on a starboard tack, gathering speed to cross with a three-second advantage. But the Australians' only lead was short-lived.

Although the excellent start had put Kookaburra III on the favored right side, Conner gained speed and sailed past, forcing Murray to tack away, and Kookaburra III trailed by 12 seconds rounding the first mark.

"We made an incorrect jib selection on the first leg," Gilmore said.

"That was the yacht's error."

Sticking to his proven strategy of straight-line acceleration, Conner opened his margin to 29 seconds downwind, where Kookaburra III reportedly was far superior.

Conner gained 45 seconds on the second leg, maintaining the mark 1:14 ahead of Murray, who decided to use a larger headsail on the first reach. But flying a genoa and a spinnaker, only resulted in an eight-second loss to Conner, who was using a traditional spinnaker.

Murray managed to regain five seconds on the second reach, to trail by 1:17, but was forced to send bowman Don McCracken up the 60-foot mast to untangle a halyard.

On the third leg, Conner responded to Kookaburra III's tacks with a loose cover, rounding the sixth buoy 1:23 in the lead, before Murray regained 15 seconds on the second downwind leg, closing the gap to 1:08.

But Conner had had such a comfortable lead that he decided to tack down his spinnaker 20 seconds before reaching the end of the seventh

leg, to avoid potential gear problems. His lead was still 1:08 heading for the finish, and with the winds whipping up on the best home, Stars & Stripes surged away again.

On Saturday, Conner had won the first advantage by forcing Kookaburra III to circle behind the starting line to avoid a premature crossing, which gave Stars & Stripes easy access to the left side Conner preferred in the shifty winds. He then got a boost on the first leg from a breeze that shifted to the left, and rounded the first mark with a 1:15 advantage.

It was such a massive lead that it proved to be insurmountable. The 3½-hour race was virtually over after just half an hour and 3.25 miles.

"We didn't even come close," said Murray, adding that his decision to change to a heavier mainsail during a 20-minute pre-race delay had been a mistake.

The winds were blowing at just 10 to 12 knots, far lighter than usual, and the skies, customarily clear and bright, were overcast. The delay was to allow the breeze to settle in from the southwest across the Indian Ocean, and Stars & Stripes' tactics, says Whidden, said that "we noticed during the whole 10-minute [starting] sequence that the wind was playing to the left."

Conner, the old master sailing in his fourth cup campaign, and Gilmore split tacks a minute before the start. Conner made the right decision, accelerating from the left side as he crossed the starting line. Kookaburra III was moving more slowly along the right side.

"We got exactly where we wanted to be," Murray said. "It's just that our thoughts were all wrong."

"If Iain had taken over the helm of the Kookaburra at the start in the same position we were in, I'm sure he would have won," Conner said.

With his huge lead, the 44-year-old San Diego legend could dictate strategy. On the sixth of the eight legs, for example, Murray tasked repeat-



Stars & Stripes (left) and Kookaburra III before Saturday's start.

America's Cup Sides Rally 'Round the Flags

By Angus Phillips

Washington Post Service

FREMANTLE, Australia — Chris Gabrielson of Jacksonville, Florida, has been living in Perth for five years, long enough to appreciate his roots. When it came time to pick sides in the great Australian-American yacht race, it was no contest.

So at 5:30 Saturday morning, Gabrielson packed up the big U.S. flag he keeps at home and trundled down to Mews Road. "I had to come that early to get a parking space," he said.

He brought his flag to the front gate of the Stars & Stripes compound and began waving it. Three hours later, he was still there, under his Cleveland Indian baseball cap; he'd only put the flag down once.

"About 8 o'clock, a parade of women came by waving Australian flags," Gabrielson said. "There must have been 50 of them, all yelling, 'Kookaburra fly! Kookaburra fly!'"

When Gabrielson stopped to watch, a man asked to borrow his flag. It was Dennis Conner, the skipper of Stars & Stripes, who waded into the middle of the parade waving Old Glory. It was a friendly gesture, all in good fun, said Gabrielson, but the women did stop their chanting as long as Conner stayed in their midst.

Saturday was the day the American Cup finally captured Fremantle's attention. Cars started pouring into town just after dawn and, by 8 A.M., thousands of people had crammed all the jetties with a view of the channel out to sea.

It was a mixed bunch, with U.S. and Australian supporters mingling cheerfully, the Australians far outnumbering the visitors from afar.

In the middle of it all was the U.S. 7th Fleet marching band, down from Tokyo on a little public relations mission. The Navy band had offered to play at Conner's compound, but the skipper, fearing distractions the morning of the first cup test, decided against it.

So the Navy played for everybody. Perched on the jetty, surrounded by clamoring hordes, the musicians played all the old marches flawlessly while Aussies waved their flags and Americans waved theirs. There was even a California flag in there somewhere.

A great cheer went up when the green-gold Kookaburra III went out with its trial horse, Kookaburra II, alongside.

But the cheers were almost as loud when the smoky-blue Stars & Stripes and its sibling, Stars & Stripes '85, came by moments later, the big speakers on the tender, Betty, booming "Danger Zone," from the movie "Top Gun."

When the boats came back in the evening, the crowds were nearly as thick, despite a gray, overcast sky, but the enthusiasm had waned after Kookaburra's defeat.

A boy bearing a sign at the water's edge that said, "Iain Murray walks on water," was the victim of an American who agreed with him. "So he does," said the American. "Slowly."

The scene on the jetty will be a



Supporters were there in force as Kookaburra III was towed out to sea for Saturday's opening race against Stars & Stripes.

daily ritual now that the big match is on. The interest in yachting is nothing new to this nation of coastal dwellers. Australians regard sailing as a national sport and practically everyone knows something about it.

Stop in a candy store and the man behind the counter, hearing your accent, will likely offer a cogent opinion about cup affairs.

Sheep farmers in the outback keep up on the cup.

Nor are they all homers. One U.S. reporter, fresh in for the final days of the event, was astonished when the Australian cab driver bringing him in from the airport told him sending Murray out to race Conner "is like sending a kindergarten student out against a college professor."

Lady's Secret Is Named the Top U.S. Horse of 1986

By Andrew Beyer

Washington Post Service

HIALEAH, Florida — To the surprise of no one, Lady's Secret was named Friday as 1986's horse of the year.

The filly was an overwhelming choice, getting 172 of the 227 votes cast by the National Turf Writers Association. The Daily Racing Form and racing secretaries of Thoroughbred Racing Associations, Manilla finished second with 41, while Turkoman, Snow Chief and the steeplechaser Flatlander each had a smattering of support.

Lady's Secret joins Busher (1940), Twilight Toss (1945) and Ali Atong (1981) as the only fillies ever to win the honor.

There was only one small ground for dissent about the outcome: The Eclipse Award is supposed to hon-

or America's best horse, and Lady's Secret wasn't the best. She was not good enough to beat the top males — notably Precisionist and Turkoman — at a classic distance.

Moreover, it wasn't easy to like trainer Wayne Lukas's career, calculating management of the filly at the end of the year. He ducked a championship confrontation with the good males in the Breeders' Cup Classic, figuring that he could talk his way into the horse-of-the-year title. Which he did.

But these objections do not alter the fact that Lady's Secret is an admirable filly. In an era when thoroughbred careers are often short, either because they can't withstand the rigors of competition or because they are whisked off to stud prematurely, she was a throwback to the legendary iron horses of the past.

In 1986 the daughter of Secretariat ran 15 times, winning 10 and finishing in the money in all the rest. What made the record even more impressive was that it was a continuation of a long, hard 17-race campaign in 1985.

Several times during the year, Lady's Secret gave performances that, for her, were historic; one assumed it was the tipoff that she was about to go badly off form, that the grind of competition was about to take its toll. But she would immediately bounce back with a razor-sharp effort. "She was like Larry Bird," Lukas said Friday. "She has good games and great games — but never bad ones."

Lady's Secret's most dazzling out-

ings were her runaway victories at Belmont Park in the Ruffian Handicap (1½ miles in 1:46-4/5) and the Maskette Stakes (a mile in 1:33-2/5), but those were cakewalks against nondescript opposition.

Lukas thought her most important victory came in the Breeders' Cup Distaff. "I would have hated to have her go down in the books as doing so much and not be a Breeders' Cup winner," he said.

But that triumph at Santa Anita was another renege against a soft field. Actually, the filly gave her best performances in defeat, when she was overmatched against males — notably her narrow loss in the Metropolitan Handicap after a gut-wrenching speed duel with the best

millers in the East. That is when she showed her character.

Still, what will be remembered about Lady's Secret will be the totality of her achievements rather than any single performance. Lukas pointed out that Lady's Secret has won more Grade I (top level) races than any other horse since the system of grading stakes was instituted in 1973.

"I've always felt," he said, "that the horse of the year ought to be the one who accomplishes the most from January to January and who captures the imagination of the public."

Using those criteria, it would be hard to quarrel much with the choice for the top horse of 1986.

Friend Waiting for Gooden Held for Toting Stolen Gun

By Joseph Duroso

New York Times Service

NEW YORK — Personal troubles continued to haunt Dwight Gooden on Friday when his former associate was arrested and charged with carrying a stolen, loaded pistol at La Guardia Airport, where he was meeting the New York Mets pitching star for a reconciliation.

Gooden was inbound from his home in Tampa, Florida, when Port Authority police arrested Cardene Pearson as she was passing through the security checkpoint at the Delta Airlines terminal. She was detained after a loaded derringer was detected in her handbag. Taken away before Gooden's plane landed, Pearson was arraigned late Friday in Queens Criminal Court; she was charged with criminal possession of a stolen weapon, two felonies.

Pearson, 21, was released on \$1,500 cash bail. The case was adjourned until Feb. 20.

"I don't know where she got the gun or what she was doing with it," Gooden said later, after going to his condominium on Long Island. "I'm as surprised as anyone. We were getting back together. I don't think it's possible she intended to harm me."

The 22-year-old pitcher flew to New York just one week after he had been placed on probation for three years after pleading no contest to two felony charges of fighting with police officers in Tampa.

Pearson was going through the security checkpoint in the Delta terminal to meet Gooden when his plane arrived at the gate. Armando Arastasia, a spokesman for the Port Authority, gave this account of what happened next:

"In a routine investigation of her handbag, the Delta security person noticed the pistol and notified Vincent Russo, the Port Authority officer on duty there. She was taken to the Port Authority police building at the airport, and they checked with the Florida authorities on the weapon. They were advised by the Hillsborough County sheriff that the weapon had been reported stolen in 1982. It's a .38-caliber, two-shot derringer, and it was fully loaded."

Police said they checked with Florida authorities after Pearson told them her "friend" had given her the gun. But Gooden later said, "I have no knowledge of the gun."

Stewart Leads U.S. Golf by 2

United Press International

PEBBLE BEACH, California — Payne Stewart shot three-under-par 69 Saturday in the third round of the Pebble Beach National Pro-Am and held a slim lead over three former major championship winners with one round left in the golf tournament.

Two shots behind, at 209, were 1985 Masters champion Bernhard Langer of West Germany, 1985 British Open titlist Sandy Lyle of Scotland and Lanny Wadkins, who 10 years ago won the PGA crown at Pebble Beach.

Langer shot 68 at Cypress Point and Lyle — with a 60-foot birdie putt at the notorious par-3 16th hole — had a 70. Wadkins, who had been the leader starting the round, played in the group with Stewart and shot 72 at Pebble Beach.

On Friday, Wadkins had birdied his last two holes for a 69 that gave him a one-shot lead over playing partner Stewart.

The leaders benefited from a late tee-off time that allowed them to avoid a heavy rain that fell early in the morning. Lyle and Japan's Isao Aoki, who ended the day tied with Danny Edwards, played their first nine holes in the storm, with Lyle shooting 71 and Aoki 70.

First-round leader Rex Caldwell skied to 78 on Friday, while Edwards shot 72 on Saturday and trailed Stewart by four strokes. Aoki was at 74 or 213.



Lady's Secret

SCOREBOARD

Basketball

U.S. College Results

NBA Standings

NHL Standings

Skiing

World Championships

Tennis

Davis Cup

European Soccer

Transition

Baseball

Baseball

Baseball

Baseball

Baseball

Baseball

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Baseball

Baseball

Baseball

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